

January 13, 2020

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Re: Conservation Stewardship Program Interim Rule, NRCS-2019-0020 (Fed. Reg. Vol. 84, No. 218, Nov. 12, 2019, page 60883ff.)

To Whom it May Concern:

Taxpayers for Common Sense (TCS) appreciates the opportunity to provide comments to the Natural Resources Conservation Service regarding implementation of changes to the Conservation Stewardship Program (CSP) directed by the Agriculture Improvement Act of 2018 (2018 Farm Bill).

Taxpayers for Common Sense is a nonpartisan budget watchdog serving the American taxpayer. We support a federal safety net for American farming and ranching businesses, provided tax dollars are invested wisely and efficiently. Federal investments should focus on assisting those farmers and ranchers in need of financial assistance, be directed only at risks that are too costly or complex to manage independent of Washington, and when investments have a tangible, quantifiable impact on achieving critical public resource concerns.

An increasing body of evidence is documenting that adoption of conservation practices can make farmers and ranchers more physically and financially resilient to production and price risk, increasing their profitability while reducing dependence on federal income subsidies. At the same time, increased adoption of conservation practices provides other public environmental benefits including improved water quality, water quantity, carbon sequestration, and wildlife habitat. There are, however, barriers to adoption. Conservation practices require investments leading to immediate costs but not necessarily immediate returns. Practices can be outside the technical capabilities of some producers. And finally, education, adoption, and maintenance require time and financial commitments for producers that are already stretched.

The Conservation Stewardship Program was created by Congress, and refined through successive farm bills, in order to overcome many of these obstacles. The 2018 Farm Bill specifically required a focus on helping producers increase soil health as a means of increasing their physical and financial resilience. Elements of this proposed rule, however, threaten to undermine CSP's potential success. The rule does this by 1) punishing producers who already adopted conservation practices by biasing contract awards toward "new" conservation, 2) arbitrarily applying a "one-time only" renewal option, and 3) undermining Congressional intent on payment limits and Congressional direction.

Don't Disincentivize Innovation

Agricultural conservation programs must not become simply another stream for income support, but an integral means of helping farmers and ranchers build physically and financially resilient operations.

CSP has the potential to be an important program for both taxpayers and farmers and ranchers. Unlike many other conservation programs, CSP was created to assist producers in implementing and

maintaining increased conservation practices across their operations on a multi-year timeframe. USDA needs to ensure its implementation of changes to CSP do not undermine program success by creating disincentives to private, unsubsidized innovation. Do not punish producers that adopted conservation activities prior to competing for, or entering into, a CSP contract. Producers that have, on their own initiative, implemented and maintained conservation practices providing a public benefit, should not be disregarded in favor of producers that have not previously adopted conservation practices.

Ranking criteria should be based solely on quantifiable environmental performance. Additionality is important, but additionality must not come at the expense of evaluating overall performance. One solution may be to separately evaluate contract renewals from new applicants.

Ensure Long-term Investments

NRCS must promote more innovation and investment in efforts aimed at increasing the long-term resilience of producers. Prioritizing conservation initiatives that measure success at a whole farm level over numerous years, instead of a single conservation practice or annual performance, is key. CSP needs to continue to be a model to move away from paying for specific activities to a comprehensive management plan, adapted to one's own liking, to achieve progress on resource concerns. Long-term contracts, with benchmarks and evaluations to ensure projected benefits accrue are important. Yet it is unclear under this rule exactly what payment formula NRCS will employ to compensate producers. The rule should clearly state that the payment formula will reflect measurable, costs, foregone income, and environmental performance.

Maintain the Integrity of Farm Bill Safety Net by Following Congressional Intent

NRCS must use this opportunity to support long-established payment limits on program participants to provide the greatest return for taxpayers. Congress enacted a \$200,000 payment limit for the life of a CSP contract. They did not include an exception for operations structured as joint operations. NRCS's proposal to apply a separate \$200,000 payment limit to multiple operators in a joint operation, effectively creating a \$400,000 payment limit, makes the conservation benefit cost twice as much in a joint operation than it would with a sole proprietor or entity. This loophole that rewards one type of operation over another simply because of its corporate structure must not be maintained.

In addition, Congress clearly intends for working lands conservation programs to be focused on supporting men and women actually working the land. There should be an explicit restriction on program participation by cash rent landlords to ensure support is focused on working farmers and ranchers.

Finally, NRCS must follow Congress's direction to judge CSP applications by a) environmental benefits that accrue from actively managing existing conservation activities. And b) degree to which the adoption of additional conservation activities will increase those benefits. Contract renewals should not be limited to a single renewal but should be available for any operator that continues a management plan that accrues and improves environmental performance.

Conclusion

Taxpayers and farmers and ranchers need a greater return on investment from conservation program dollars. Federal assistance is a key tool to adoption of conservation activities that provide critical public goods. Improving farmers' financial and physical resilience in light of increasingly volatile weather, is important. CSP can be an important tool in the taxpayer toolbox as long as NRCS ensures the program does not bias contract awards toward new conservation, undercut long-term investments, or undermine Congressional intent.

Thank you for the opportunity to comment on implementation of the Agriculture Improvement Act of 2018. Through proper implementation, NRCS can help create a more cost-effective, accountable, transparent, and responsive farm safety net. If you have questions, please feel free to contact me at 202-546-8500 or josh [at] taxpayer.net