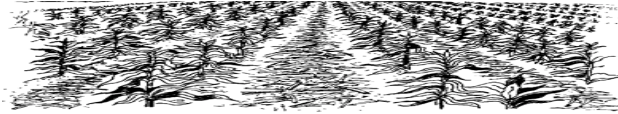




CSP: A Tale of Two Farms

One way tax money is used to support more erosive farming systems



In early 2003, southeast Minnesota farmer Dave Serfling did a set of calculations to show how tax money can be misdirected when it comes to support of conservation-based farming. Serfling, who is a member of the Land Stewardship Project's Federal Farm Policy Committee, set up a scenario involving two neighboring farms (Farmer A and Farmer B), each operating 1,000 acres of land. The farms are mythical, but the numbers Serfling uses in his comparisons are based on actual farm program payments. As a result, the disparity that emerges in "A Tale of Two Farms" is very real in agricultural areas.

Two neighbors—one payment

For years, Farmer A and Farmer B each had a 500-acre corn base with a 130-bushel government yield—the basis for calculating government commodity payments. In 1996 the farmers were told by a new Farm Bill that would change: they could plant whatever they wanted except fruits or vegetables and their payments would not be affected. From 1998 to 2001, Farmer A developed a crop rotation of two years of corn and three years of alfalfa hay on his 1,000 acres. It has been well documented that including hay in a farm's rotation is an excellent way to reduce soil erosion.

Farmer B planted all his land to a corn-soybean rotation. In 2002, each farm got identical direct commodity government payments of \$14,365. That figure comes from the USDA formula of taking 85 percent of the 500 acres of base, multiplying that by 130 bushels, and multiplying that figure by the 26 cents per bushel payment rate (see calculation chart on reverse page).

Now comes the 2002 Farm Bill and the farmers must decide whether they will change the acreage base that determines their payment. Farmer A keeps his 500-acre corn base because he only planted, on average, 400 acres of corn each year from 1998 to 2001. But that meant he had to keep his old 130-bushels per acre yield. No updated base,



no updated yield. Since Farmer B planted his whole farm to corn and soybeans, he got to update his corn base and corn yield, as well as add a new soybean base. Farmer B now has a 500-acre corn base with a 170-bushels per acre updated yield. He also has a 500-acre soybean base with a 50-bushels per acre yield.

Two neighbors—two payments

These two equal farms in 2002 are far from equal in payments in 2003, even though they could plant the same crops from here on out. If we assume the national average market prices for the year equal the government's loan rates—so all loan deficiency payments are left out of our comparison—then Farmer A receives \$15,470 in direct commodity payments. He also gets \$18,785 in counter-cyclical payments for a total of \$34,255. Farmer B receives the same direct payment of \$15,470. But because Farmer B was able to update the farm's yield, and raises soybeans instead of forage, he gets nearly \$23,000 more than Farmer A per year. That's a \$138,000 bonus during the life of this six-year farm bill.

Less forage, more erosion, higher payments

The Land Stewardship Project asked University of Minnesota soil scientist Gyles Randall to informally compare Farmer A and Farmer B's erosion rates. Based on his experience with these kinds of rotations, Randall rated the erosion—a score of "one" being the lowest erosion rate—on each of the two farms for each of 10 years. Under the common chisel plow system, Farmer B's corn-soybean rotation produced a total erosion score over a decade of 70. Under the same tillage system, Farmer A's corn-alfalfa mix scored a 34. In other words, Farmer A's use of forage made the farm at least half as erosive as Farm B's. But according to the government, Farmer B deserves more money—a lot more.

CSP: Part of the solution

In order to begin to address this bias against conservation, in 2002 Congress passed the Conservation Security Program (CSP), which is designed to reward farmers based on how well they are protecting and improving the environment. However, USDA has been slow to implement the program. For more on the CSP, contact LSP's Policy Program at 612-722-6377, or visit www.landstewardshipproject.org/programs_csp.html.

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the members of the Land Stewardship Project (LSP), a private, nonprofit organization devoted to fostering an ethic of stewardship for farmland, promoting sustainable agriculture and developing sustainable communities. For information on joining LSP, call 651-653-0618. More information on LSP is also available at www.landstewardshipproject.org.

Conservation Security Program # 3: A Tale of Two Farms

	Farmer A (1,000 acres)	Farmer B (1,000 acres)
Corn base & govt. yield in 1996 (the basis for calculating govt. payments)	500 acres 130 bushels/acre	500 acres 130 bushels/acre
Commodity payment in 2002	85% of 500 acres x 130 bushels/acre x 26 cents= \$14,365	85% of 500 acres x 130 bushels/acre x 26 cents= \$14,365
Crop mix from 1998-2001	Corn & hay	Corn & soybeans
Crop base & govt. yield from 1998-2001	500 acres of corn (130 bushels/acre)	500 acres of corn (170 bushels/acre) 500 acres of soybeans (50 bushels/acre)
Commodity payment in 2003	<p>85% of 500 acres corn x 130 bushels/acre x 28 cents=\$15,470 in direct corn payments</p> <p>85% of 500 acres corn x 130 bushels/acre x 34 cents=\$18,785 in counter-cyclical corn payments</p> <p>Total=\$34,255</p>	<p>85% of 500 acres corn x 130 bushels/acre x 28 cents=\$15,470 in direct corn payments</p> <p>85% of 500 acres corn x 170 bushels/acre x 34 cents=\$24,565 in counter-cyclical corn payments</p> <p>85% of 500 acres soybeans X 50 bushels/acre x 44 cents=\$9,350 in direct soybean payments</p> <p>85% of 500 acres soybeans X 50 bushels/acre x 36 cents=\$7,650 in counter-cyclical soybean payments</p> <p>Total=\$57,035</p>
Erosion rating over 10 years under common chisel plow tillage system	34	70
Conclusion	<i>Farmer A's use of forage makes his farm half as erosive as Farmer B's corn-soybean system. But Farmer B receives almost \$23,000 a year more in tax money.</i>	