



CSP: Interim Final Rule Released—Next Steps

Open for business

The interim final rules for the Conservation Security Program (CSP), the new national conservation program that was passed in the 2002 Farm Bill, were issued on June 21, 2004. CSP should eventually be a nationwide initiative, but for this first year is only available in 18 selected watersheds. Sign-up for 2004 will begin in those watersheds on July 6 and run through July 30. The program will be administered by the USDA's Natural Resources Conservation Service (NRCS).

CSP was enacted by Congress to make payments to farmers based on how well they are protecting and improving the environment—specifically by conserving our nation's natural resources (like soil and water quality) on working farmland. Properly implemented, CSP has the potential to make a big difference for family farms and the environment. However, only \$41 million is available this first year. This summer, Congress and the Bush Administration are debating CSP funding, which will determine who gets access to the program and the level of payments provided through CSP in the future.

Who is eligible?

For the government's fiscal year 2004 (which ends September 30), only farmers who operate land in the 18 nationally selected watersheds have the opportunity to enroll in CSP. **For a map of the selected watersheds, as well as watershed-specific information and payment rates, go to: www.nrcs.usda.gov/programs/csp/watersheds04.html, or call the Land Stewardship Project at 612-722-6377.** In subsequent years, new watersheds will be chosen and new contracts will be awarded. CSP participants may choose 5-year contracts or contracts between 5 and 10 years in length. At least 51 percent of a farm must lie within a selected watershed to be accepted into CSP. Farm operators and crop-share landlords, but not cash rent landlords, are eligible to participate. Rental land is eligible if farmers can provide a written notice verifying that they will have management of the land for the life of the contract.

To qualify for CSP, farmers need to meet minimum criteria for addressing soil quality and water quality problems. For soil quality, producers must have treated all gully

erosion—ephemeral and classic—and have a Soil Conditioning Index (SCI) of 0.0 and higher. The SCI is a tool used to measure the trend of organic matter in the soil. SCI typically ranges between -1 to 1 and takes into account organic matter, field operations and erosion. To address water quality criteria, farmers need to provide records from the past two years on nutrient and pest management.

What are the steps for sign-up?

If you operate land in a selected watershed, the first step is to fill out a form called the *Conservation Security Program: Self-Assessment Workbook*. Completion of the self-assessment is mandatory. The book is available on-line at www.nrcs.usda.gov/index.html#workbook; paper copies and compact disk versions of the book are available from local NRCS offices within the 18 selected watersheds.

After completing the *Self-Assessment Workbook*, farmers will then be able to apply between July 6 and July 30 to participate in CSP. The sign-up includes an interview process with the local NRCS staff and the creation of a benchmark inventory. As a

result of the self-assessment, benchmark inventory and interview, farmers will be placed in enrollment categories.

Enrollment categories will be used to prioritize and compare farmers' historical conservation performance. In August of 2004, enrollment categories will be prioritized nationally. Based on the decided prioritization, the funding will be allocated to the top category, then to the next category, and so on until funding is exhausted. Following that process, farmers will be awarded contracts and the conservation plans will be developed incorporating the information from the self-assessment and the baseline inventory.

How are payments allocated?

Essentially, CSP has four different payment components:

1. **Stewardship Payments**, also called base payments, are an automatic payment which is equal to the regional per-acre rental rate for a particular land use multiplied by the discount rate for each tier multiplied by a reduction factor. For example, a farm with a



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\$100 regional per-acre rental rate can receive between \$1.25 and \$11.25 per acre, depending on which tier it fits into.

2. **Existing/Maintenance Payments** are made to farmers for maintenance of existing practices that already deliver conservation benefits and are equal to 25 percent of the “Stewardship Payment.”
3. **New Practice Payments** are available as a one-time, 50 percent cost-share for a limited set of new practices that promote conservation activities. They are capped at \$10,000 cumulative per contract.
4. **Enhanced Payments** are payments for exceptional conservation efforts and performance above the basic stewardship practices and activities. Enhancement payments will be made for exceptional stewardship of six resources: soil, energy, water, wildlife, nutrients and air. Enhancement payment caps are \$10,000 for Tier I, \$17,500 for Tier II, and \$22,500 for Tier III.

Pastured Cropland

CSP puts land into three classifications: cropland, pasture and rangeland. In a positive change in the interim final rule, land that is currently in pasture as part of a grass-based livestock operation, but that could support crops for harvest, will receive the same stewardship payment as cropland.

Regulatory CSP Cap

A new cap for CSP payments has been established. CSP payments cannot exceed the regional per acre rental rate, multiplied by the number of acres enrolled, multiplied by 15 percent for Tier I, 25 percent for Tier II and 40 percent by Tier III.

What tier do I belong to?

At the core of CSP is a three-tiered system, which allows farmers to participate in the program at the level they feel comfortable. Farmers in Tier III would receive the highest payments. These tiers also leave open the option of improving stewardship on the farm, thus increasing payments over time. All tiers consider water quality and soil quality as priority resources, also known as “resources of concern.”

➔ Tier I is the first level of participation in CSP.

In Tier I, contracts are for 5 years, and a farmer must have addressed water quality and soil quality issues to the NRCS Field Office Technical Guide (FOTG) standards on all or part of the farm.

➔ Tier II has more stringent requirements.

In Tier II, contracts range from 5 to 10 years, and farmers must have addressed water quality and soil quality standards outlined in FOTG for their entire farm. They must also be willing to address one additional resource by the end of the contract period.

➔ Tier III is the final and highest level of participation in CSP.

In Tier III, contracts again range from 5 to 10 years, but farmers must have addressed all resource concerns to a resource management system level that meets FOTG standards on the entire farm.

What should I do now?

For farmers who live in the selected watersheds, obtaining a *Self-Assessment Worksheet* and filling it out should be the first line of business. Keep an eye out for informational meetings about CSP to be held in your area. For more information about USDA’s interim/final rule, check out www.nrcs.usda.gov/news/index.html#csp0604 or visit the Land Stewardship Project’s Web site at www.landstewardshipproject.org/programs_csp.html.

If you have questions, please contact the Land Stewardship Project at 612-722-6377 or marks@landstewardshipproject.org.

Sources for this fact sheet

- National Archives and Records Administration, “Conservation Security Program; Interim Final Rule and Notice.” Federal Register, June 21, 2004, Vol. 69, No. 118; <http://edocket.access.gpo.gov/2004/pdf/03-31916.pdf>
- NRCS/USDA, “Conservation Security Program Summary of Interim Final Rule.” June 9, 2004; www.nrcs.usda.gov/programs/csp/pdf_files/Summ_Interim_Final_Rule.pdf
- NRCS/USDA, “Conservation Security Program Watersheds, FY 2004.” www.nrcs.usda.gov/programs/csp/watersheds04.html
- NRCS/USDA News Release, “NRCS Releases Self-Assessment Workbook for New Conservation Security Program.” June 15, 2004; www.nrcs.usda.gov/news/releases/2004/cspassessmentwkbk.html.

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This fact sheet is brought to you by the members and staff of the Land Stewardship Project, a private, nonprofit organization devoted to fostering an ethic of stewardship for farmland and to seeing more successful farmers on the land raising crops and livestock. For more information, call 651-653-0618 or visit www.landstewardshipproject.org.