

May 3, 2019

2018 Farm Bill Primer: Title II Conservation Programs

Title II of the Agriculture Improvement Act of 2018 (2018 farm bill, P.L. 115-334) authorizes programs and provisions that assist farmers and ranchers in addressing environmental resource concerns on private land. The 2018 farm bill reauthorized and amended a number of existing programs, directed existing program resources, shifted funds within the title, and authorized a budget-neutral level of funding for the title.

Debate on the 2018 farm bill focused on a number of issues through two different versions proposed in the House- and Senate-passed bills (H.R. 2). These differences were resolved in conference to create a final version of the title that represents a mix of both proposals. The enacted bill reauthorizes and amends portions of most conservation programs, although the main focus is on the larger programs, namely the Conservation Reserve Program (CRP), Environmental Quality Incentives Program (EQIP), and Conservation Stewardship Program (CSP).

Funding for Conservation

Most farm bill conservation programs are authorized to receive mandatory funding and are not subject to appropriation. According to the Congressional Budget Office (CBO), the Conservation title of the 2018 farm bill makes up 7% of the bill's total projected mandatory spending over 10 years, amounting to \$60 billion of the total \$867 billion. The Conservation title is budget neutral over the 10-year baseline. However, the 2018 farm bill is projected to increase funding in the first five years (+\$555 million over FY2019-FY2023) and decrease funding in the last five years (-\$561 million over FY2024-FY2028). Generally, the 2018 farm bill reallocates mandatory funding within the Conservation title among the larger programs.

Conservation Program Changes

Agricultural conservation programs administered by the U.S. Department of Agriculture (USDA) can be grouped into the following types based on similarities: working lands, land retirement, easement, conservation compliance, and partnerships and grants. Most of these programs are authorized to receive mandatory funding and include authorities that expire with other farm bill programs at the end of FY2023.

Other types of conservation programs—such as watershed programs, emergency programs, and technical assistance—are authorized in other non-farm-bill legislation. Most of these programs have permanent authorities and receive appropriations annually through the discretionary appropriations process. These programs are not generally addressed in the context of a farm bill unless amendments to the program are included.

The two largest working lands programs—EQIP and CSP—were reauthorized and amended under the enacted farm bill but in different ways.

Conservation Stewardship Program

CSP provides financial and technical assistance to producers to maintain and improve existing conservation systems and to adopt additional conservation activities in a comprehensive manner on a producer's entire operation. The House-passed bill would have repealed CSP and created a stewardship contract within EQIP, whereas the Senate-passed bill would have reauthorized CSP and reduced program enrollment. The enacted bill creates a mix of both the House- and Senate-passed bills by reauthorizing CSP, reducing program enrollment, and creating a new incentive contract within EQIP. The enacted bill also amends CSP's enrollment criteria; contract renewal requirements; payments for cover crops, grazing management, and comprehensive conservation plan development; and organic certification allocations. Funding for CSP is shifted away from a national acreage limitation under prior law (10 million acres annually; approximately \$1.4 billion in FY2018) to limits based on funding (\$700 million in FY2019 increasing to \$1 billion in FY2023).

Environmental Quality Incentives Program

EQIP provides financial and technical assistance to producers and landowners to plan and install structural, vegetative, and land management practices on eligible lands to alleviate natural resource problems. EQIP is reauthorized and expanded with an increased funding level in annual increments from \$1.75 billion in FY2019 to \$2.025 billion in FY2023. A number of amendments to EQIP focus on water-quality- and quantity-related practices, soil health improvement, and wildlife habitat. The bill reduces the allocation for livestock-related practices from 60% to 50% and increases the allocation for wildlife-related practices from 5% to 10%. Water conservation system payments are expanded to include irrigation and drainage entities with limitations. Conservation Innovation Grants, a subprogram under EQIP, is expanded to include community colleges, on-farm innovation, and soil health trials.

Conservation Reserve Program

The largest land retirement program—CRP—is reauthorized and expanded by increasing annual CRP enrollment in annual increments from 24 million acres in FY2019 to 27 million by FY2023 using such mandatory funding sums as necessary. CRP provides annual rental payments to producers to replace crops on highly erodible and environmentally sensitive land with long-term resource-conserving plantings. Within the total enrollment limit, CRP is required to enroll up to 2 million acres in grasslands contracts and up to 8.6 million acres in continuous contracts. This increase in enrollment is partly

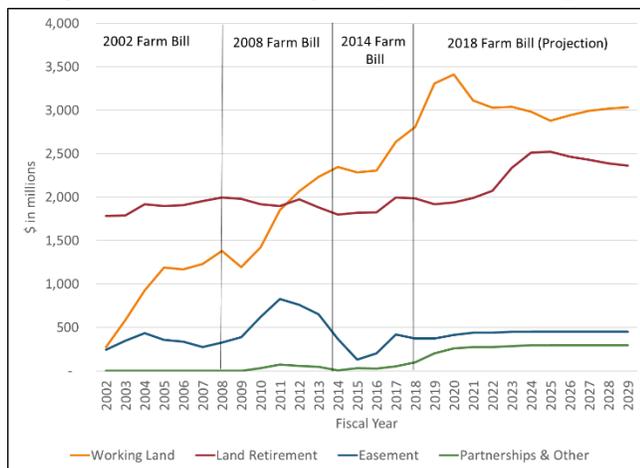
offset by reducing rental rates for general contracts to 85% of the county average rental rate and to 90% of the county average rental rate for continuous contracts. Cost-share payments are limited to the actual cost of establishing the approved practices, including not more than 50% for seed mix costs. The enacted bill also makes a number of other changes that would further expand grazing and commercial uses on CRP acres as well as transition options for new and limited resource producers. Under CRP, new pilot programs are created—such as the Clean Lakes, Estuaries, and Rivers initiative and the Soil Health and Income Protection Pilot—while existing subprograms are reauthorized and codified, such as the Conservation Reserve Enhancement Program and the Farmable Wetlands program.

Agricultural Conservation Easement Program (ACEP)

ACEP is reauthorized and amended in the 2018 farm bill with an increase in overall funding from \$250 million in FY2018 to \$450 million annually for FY2019 through FY2023. ACEP provides financial and technical assistance through two types of easements: (1) agricultural land easements that limit nonagricultural uses on productive farm or grasslands and (2) wetland reserve easements that protect and restore wetlands. Most of the changes to ACEP focus on the agricultural land easements by providing additional flexibilities to ACEP-eligible entities.

Figure 1. Farm Bill Conservation Program Mandatory Spending, FY2002-FY2029

Outlays in millions of dollars (not adjusted for inflation)



Source: CRS using CBO baseline data, FY2001-FY2019.

Notes: FY2002-FY2018 include actual spending levels. FY2019-FY2029 are projected spending levels. Chart does not include sequestration or savings from repealed programs.

Regional Conservation Partnership Program (RCP)

RCP is also reauthorized and amended by shifting the program away from enrolling land through existing conservation programs to a stand-alone program with its own contracts. The program is to continue to enter into agreements with eligible partners, and these partners are to continue to define the scope and location of the projects, provide a portion of the project cost, and work with eligible landowners to enroll in RCP contracts. The 2018 farm bill expands the scope of eligible activities under RCP and

grants more flexibility to partners. RCP funding is increased from \$100 million annually under prior law to \$300 million annually for FY2019-FY2023.

Wetland and Watershed Programs

The Wetlands Conservation (“Swampbuster”) provision—under which producers agree not to convert wetlands to crop production in exchange for certain USDA program benefits—was amended to require a notice of on-site inspection and specify that benefits cannot be denied if an exemption applies. Amendments were also made to the Watershed Protection and Flood Prevention Operations program, the most substantial being the authorization of permanent mandatory funding of \$50 million annually. Historically, the program received discretionary funding through annual appropriations.

Policy Issues That Shaped the Conservation Title

While the 2018 farm bill did not create new conservation programs, it does require that a number of existing programs direct a specific level of funding, acres, or percentage of a program’s funding to a resource- or interest-specific issue, initiative, or subprogram. Some of these policies existed prior to the 2018 farm bill but did not include a specific funding or acreage level. Through these directed policies Congress has specified a level of support or required investment that USDA is to achieve through program implementation. These directed policies may reduce the flexibility the implementing agency has to allocate funding based on need and reduce the total funds or acres available for activities of the larger program that may not meet a resource-specific provision.

Over time, high commodity prices, changing land rental rates, and new conservation technologies have led to a shift in farm bill conservation policy away from programs that retire land from production (CRP) and toward an increased focus on working lands programs (EQIP and CSP). Much of this shift occurred following the 2008 farm bill and continued in the 2014 farm bill as the level of total mandatory program funding for land retirement programs declined relative to working lands programs (Figure 1). At the same time, the separation between land retirement programs and working lands programs has become blurred by an increase in compatible use allowances for grazing and pasture use under retirement programs. Funding for easement programs (ACEP) also declined somewhat under the 2014 farm bill but is projected to level off under the 2018 farm bill. Partnership program (RCP) funding has also increased in recent farm bills but remains relatively small compared to the working lands and land retirement programs.

Additional CRS Resources

- CRS Report R45698, *Agricultural Conservation in the 2018 Farm Bill*;
- CRS Report R45525, *The 2018 Farm Bill (P.L. 115-334): Summary and Side-by-Side Comparison*; and
- CRS Report R40763, *Agricultural Conservation: A Guide to Programs*.

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