The Conservation Stewardship Program in Minnesota

A Land Stewardship Project Analysis

LAND STEWARDSHIP PROJECT

August 2013

This report is available at www.landstewardshipproject.org.

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Executive Summary

✔ Since 2009, the Conservation Stewardship Program (CSP) has evolved into one of America's most significant farm conservation programs. It supports working lands conservation on over 50 million acres by providing payments to producers for maintaining and enhancing conservation on land they have in current production.

✔ The state of Minnesota has consistently been the country's top user of this program, topping the nation in terms of dollars obligated at over $280 million and total contracts at 3,200. Minnesota farmers are using this program to support existing practices while adding thousands of conservation "enhancements" to their operations.

✔ The majority of Minnesota contracts are on agricultural land, with the remaining in nonindustrial forestland. Counties with the largest use of CSP are predominately in southwest and west-central Minnesota. Farmers in all but six of Minnesota's 87 counties have CSP contracts. The monetary value of Minnesota contracts varies significantly from a few hundred dollars right up to the statutory limit of $200,000, with a few over that amount in the case of tribal entities. The majority of contracts were under $100,000 but our analysis showed a large number (541) right at the statutory individual payment limit of $200,000 over the life of a 5-year contract.

✔ While it's clear Minnesota is a leader in use of CSP, discrepancies do remain in the distribution of the program. There are situations where one county will have over 100 contracts while a neighboring county will have only a handful of producers using the program. The extent to which local USDA Natural Resources Conservation Service offices promote and support CSP plays a major role in how popular and effective the program is in different regions.

✔ With reauthorization of federal farm policy in limbo, so too is the future of CSP and numerous other conservation programs. Pending legislative proposals make significant cuts to CSP. Major cuts are also proposed for the Farm Bill's conservation title, which would be the first time since 1981 the conservation title has declined in resources.

✔ When a new Farm Bill is created, it must include several measures to ensure CSP retains its ability to promote and support working lands conservation:

- The Farm Bill must allocate enough resources to cover 12.8 million acres of CSP contracts each year for the five-year life of the law.

- Cuts to the new Farm Bill's Conservation Title should be scaled back considerably from what is being proposed by Congress.

- Due to the critical role local NRCS staff play in how CSP performs in a county, extensive efforts should be made to share statewide the best approaches and methods of maximizing use of the program. Collaboration among agencies and local stakeholders should be encouraged and yearly accountability measures sought or enhanced.

- The complexity of the CSP scoring system, a common complaint among farmers, must be addressed. This scoring or "ranking" process should be made more transparent so that CSP can live up to its potential of supporting current conservation and promoting the implementation of future conservation activities. In addition, the ranking system should be modified so that it corrects the current bias toward new activities and provides a fairer assessment of existing activities of similar or identical conservation value.

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History of the Conservation Stewardship Program

In terms of acres covered, the Conservation Stewardship Program (CSP) is now the nation's largest conservation program, with over 50,024,878 acres enrolled. In aggregate, that's more than 78,164 square miles—equivalent to the size of the entire state of Nebraska. Between 2010 and 2012, 39,233 contracts have been offered to producers nationwide to secure and enhance conservation on working lands.

CSP has its roots in the Conservation Security Program, which was created in the 2002 Farm Bill. The Conservation Security Program, which held sign-ups between 2004 and 2008, was offered to producers in select watersheds across the U.S. Over those four years, the program enrolled over 21,000 producers in 331 watersheds for a total of 17.5 million acres.

In the 2008 Farm Bill, the Conservation Security Program was substantially changed and renamed the Conservation Stewardship Program. Subsequently, the new CSP has been much larger in scope and nationwide in its delivery. The watershed approach and tiers structure of the old Conservation Security Program were removed and the new program offers sign-up opportunities to all producers regardless of location. The new CSP also requires an entire farm to be enrolled in a contract (except for land on the farm enrolled in the Conservation Reserve Program, Wetland Reserve Program, etc.).

CSP represents a revolutionary approach to farm policy. For the first time in history, farmers can be rewarded financially for producing positive environmental benefits on the land such as clean water, wildlife habitat and protection of soil. This is a dramatic departure from existing and traditional commodity and crop insurance programs which have rewarded farmers for maximum production of a handful of crops and often penalized them for diversifying.

The development of CSP not only provided farmers a financial incentive to maintain and add conservation measures, it marked the first time the USDA publicly recognized the positive role diverse operations practicing "working lands conservation" could play in providing a public good.

How CSP Currently Works

The Conservation Stewardship Program rewards producers for managing their land in a way that produces measurable conservation outcomes— healthy soil, clean water and wildlife habitat, for example. The program is administered by the USDA's Natural Resources Conservation Service (NRCS). In the 2008 Farm Bill, Congress provided $12 billion over the next 10 years to enroll nearly 13 million acres annually.

All farmers across the country are eligible to enroll in CSP. The program targets working agricultural land, whether it's cropland (corn, soybeans, small grains, hay, fruits or produce for example), pasture, rangeland or a managed woodlot.

CSP does not prevent producers from receiving other farm program benefits, although lands currently enrolled in the Conservation Reserve Program, Grassland Reserve Program, Wetland Reserve Program or the Conservation Security Program are ineligible until those existing program contracts expire. All new CSP contracts are 5 years in length.

The CSP sign-up opportunity for farmers is continuous, which means they can apply through the year. To evaluate applicants and offer contracts, NRCS does a yearly ranking based on land stewardship and potential conservation outcomes of applicants.

Each state conducts its own sign-up. Producers typically apply at their local or county NRCS office and applications are accepted in one of two land classes:

1. Agriculture land (cropland, pasture and rangeland)
2. Nonindustrial private forest

After a farmer submits an initial application, they do a more detailed farm assessment with NRCS using the Conservation Measurement Tool (CMT). The tool provides two scores: the ranking score – which is used to determine if a producer is offered a contract; and the conservation performance score — which is a central factor in determining the monetary value of a contract. The CMT calculates scores by asking producers about existing farming practices and management techniques and the willingness to take on additional activities.

NRCS offers contracts by awarding the highest-ranked applications first, and following down the ranking scale until the acreage allotment for that year has been exhausted.

Additional conservation practices that can be done by producers over the life of a contract are recognized as "enhancements." Agreeing to add such enhancements can increase an applicant's total contract application score.

Minnesota farmer Darrel Mosel used his CSP contract to expand his rotation to include small grains and other soil-friendly plants.

For more details of how CSP operates, see the Land Stewardship Project's web page: www.landstewardshipproject.org/organizingforchange/federalpolicy/conservationstewardshipprogram.

CSP in Minnesota

Minnesota has more CSP contracts and dollars obligated than any other state in the nation at 3,200 (*Table 8*) and $282 million (*Table 9*), respectively. Minnesota producer enrollment has stayed relatively consistent each year since 2009 (*see Table 1*).

Table 1: CSP in Minnesota 2009-2012

Year	Land Use	# Contracts	Acres	Funding	Average Contract*	Per acre rate
2009	Agriculture**	649	410,815	$9,578,110	$14,758	$23.31
2009	Forest	260	56,967	$353,228	$1,358	$6.20
2010	Agriculture**	510	406,744	$11,095,682	$21,748	$27.28
2010	Forest	159	41,356	$351,300	$2,209	$8.49
2011	Agriculture**	625	522,778	$16,032,485	$25,651	$30.67
2011	Forest	136	27,488	$346,697	$2,549	$12.61
2012	Agriculture**	834	643,833	$18, 761,732	$22, 496	$29.14
2012	Forest	55	11,746	$58, 064	$1,055	$4.94
2009-2012	MN CSP Totals***	3,228	2,121,727	$56,577,298	$21,163—ag land $1,793—forest	$27.60—ag land $8.06—forest

* These are average rates over the life of a five-year contract, and not a median value of contracts.
** "Agriculture" represents both cropland and pastureland. It should be noted that the payment rate per performance point for pasture is nearly half of what it is for cropland. This difference in rates skews the average contract amount and per-acre payments lower. Minnesota had no rangeland enrolled in CSP.
*** These figures were compiled after yearly sign-ups. To date, 28 of these contracts have been terminated or re-negotiated.

Source: LSP Analysis of Minnesota Natural Resources Conservation Service Data

Minnesota NRCS currently splits the state up into geographic regions. The establishment of geographic regions aims to ensure program use and distribution across various landscapes which have unique natural resource demands. Minnesota has five geographic regions for agricultural land and three geographic regions for nonindustrial private forest (*see Appendix 1 and Appendix 2 for maps of Minnesota's geographic regions*).

Minnesota producers have enrolled just over 2 million acres in CSP over the past four years, which ranks the state tenth nationwide in terms of acres under contract. The bulk of those contracts —81.1 percent—are under the agricultural land classification (which includes cropland and pasture), with the remainder—18.9 percent—classified as nonindustrial private forest. Minnesota has no land enrolled in the rangeland classification.

Agriculture land contracts are consistently paid at a greater rate per acre compared to other land classifications, which would explain Minnesota's strong retention of funding.[1] Payment rates differ for both the type of land use enrolled and whether the points accrued come from existing conservation maintained or new enhancement practices (*see Table 2*).

Table 2: Annual CSP Payment Rates Per Acre* Nationwide (2013)

Land Use	Additional Activity Payment Rate	Existing Activity Payment Rate
Cropland	$ 0.4990/point	$ .0432/point
Pastured Cropland	$ 0.2376/point	$ .0508/point
Pasture	$ 0.2376/point	$ .0324/point
Range	$ 0.1588/point	$ .0108/point
Nonindustrial Private Forest	$ 0.1858/point	$ .0173/point

*Payments per acre are determined by multiplying payment rates above by conservation performance scores for both new and existing conservation that producers receive after completion of the Conservation Measurement Tool.

Source: USDA Natural Resources Conservation Service

In addition to contract enrollment, producer interest has remained strong in Minnesota (*see Table 1*). For example, in 2012 1,594 producers signed up for CSP, which resulted in 834 contracts. Nationwide, NRCS received 17,654 applications for CSP in 2012.

New Conservation

As in other states, CSP provides Minnesota incentives for farmers to maintain and enhance conservation on their working landscapes. Contract holders are required to add at least one "enhancement" per land use to receive a contract. Enhancements are practices that are above and beyond the standard NRCS *Field Office Technical Guide* level for conservation activities.

NRCS typically provides around 80 enhancement options for producers in eight resource areas:

1. Air Quality
2. Animal (wildlife)
3. Energy
4. Plant (biodiversity)
5. Soil Erosion
6. Soil Quality
7. Water Quality
8. Water Quantity

For more on the relative enhancement values, go to the National Sustainable Agriculture Coalition's publication, *Conservation Stewardship Program Conservation Enhancement and Practice Choices for 2013 and their Environmental Benefit Ranking Score* (http://bit.ly/18c7G4n).

Minnesota enhancements increase an applicant's points for both the ranking and the conservation performance score. Most producers choose more than the minimum requirement.

In Minnesota, the most popular enhancements addressed water quality, air quality and wildlife-friendly practices (*see Table 3 for a list of Minnesota's most popular CSP enhancements*).

Table 3: Minnesota's Most Popular CSP Enhancements*

Top Agriculture Enhancements

AIR04 - Use drift reducing nozzles, low pressures, lower boom height, and adjuvants to reduce pesticide drift

AIR07 - GPS, targeted spray application or other chemical application electronic control technology

ANM10 - Harvest hay in a manner that allows wildlife to flush and escape

ANM18 - Retrofit watering facility for wildlife escape

PLT15 - Establish pollinator and/or beneficial insect habitat

WQL03 - Rotation of supplement and feeding areas

WQL04 - Plant tissue tests and analysis to improve nitrogen management

WQL05 - Apply nutrients no more than 30 days prior to planned planting date

WQL07 - Split nitrogen applications 50 percent after crop emergence

WQL09 - Apply all phosphorus fertilizer at least 3 inches deep and/or as a 2 x 2 row starter

WQL11 - Precision application technology to apply nutrients

WQL13 - High level integrated pest management to reduce pesticide environmental risk

WQL24 - Apply enhanced efficiency fertilizer products

**Each of the agriculture enhancements listed here have been included in 200+ contracts.*

Top Nonindustrial Private Forest Enhancements

PLT15 - Establish pollinator and/or beneficial insect habitat

ANM33 - Riparian buffer, terrestrial and aquatic wildlife habitat

PLT17 - Creating forest openings to improve hardwood stands

Source: Minnesota USDA Natural Resources Conservation Service

Supplemental Payment — Resource Conserving Crop Rotations

Only one conservation farming system under CSP receives an individualized scoring and supplemental payment – the Resource Conserving Crop Rotation. The 2008 Farm Bill specifically highlighted this cropping system for a supplemental payment[2] which was set in February 2012 at $12 per acre. The supplemental payment can be received for 3-5 years, depending on implementation. In Minnesota, the average amount of time payments for Resource Conserving Crop Rotations are made is 4 years, according to the Minnesota NRCS. Since 2009, 97 Minnesota farmers have put in place or enhanced their Resource Conserving Crop Rotations on a total of 16,211 acres. While payments differ for each farm and are specific to the parameters of a contract, a rough overall estimate of this supplemental payment for Minnesota is $778,128 ($12 x 16,211 x 4) invested over 4 years for this cropping pattern.

CSP Use by Beginning & Socially Disadvantaged Producers

Similar to other farm conservation programs, CSP dedicates 5 percent of yearly funds to assist beginning and socially disadvantaged farmers[3]. In Minnesota, 355 beginning farmers have received contracts, along with 16 socially disadvantaged (SDA) farmers (*see Table 4*). Counties with the highest beginning farmer enrollments were Morrison with 36 and Murray, Roseau and Yellow Medicine, each with 22.

Counties with the greatest number of socially disadvantaged farmers receiving contracts include Beltrami and Pennington at 4 and 3, respectively.

Table 4: Minnesota CSP Distribution to Beginning & Socially Disadvantaged Farmers

		Contracts Obligated	Contracted Acres	Obligation Amount	Average Contract Acres	Average per Contract	Average per Acre
Beginning Farmers	2009 -10	147	53,661	$7,240,033	365	$49,251	$26.98
	2011	91	39,827	$5,688,763	437	$62,513	$28.57
	2012	117	48,081	$7,003,925	411	$59,862	$29.13
TOTAL		**355**	**141,569**	**$19,932,721**	**404**	**$57,209**	**$28.22**
SDA Farmers	2009 -10	11	23,462	$1,101,688	2132	$100,153	$9.39
	2011	2	911	$131,055	456	$65,527	$28.74
	2012	3	1,639	$110,835	546	$36,945	$13.52
TOTAL		**16**	**26,012**	**$1,343,578**	**1,045**	**$67,541**	**$17.22**

Source: Minnesota USDA Natural Resources Conservation Service

CSP Contract Distribution in Minnesota

This report evaluates two aspects of how CSP was distributed in the state. Evaluated was county use of CSP as well as a more general review of the scale of payments per year to contract holders. There was a wide difference in how many contracts each county had, ranging anywhere from 1 to over 200. The average was 40 contracts per county and the median was 27 contracts per county. Morrison County in central Minnesota had the greatest number of contracts with 205 (see *CSP Snapshot: Minnesota's Top CSP County*). The top honor in terms of dollars obligated was Yellow Medicine at over $20 million for all 5-year contracts. And the county with the greatest number of acres enrolled was Murray County at 130,386. Tables 5, 6 and 7 show the top 5 Minnesota counties in: **number of contracts, number of acres** and **number of dollars obligated**.

There are CSP contracts in 81 of Minnesota's 87 counties. Counties with no contracts included the metro communities of Hennepin, Ramsey, Scott and the outlying Cook. Surprisingly, two agricultural dominated counties—Freeborn and Nicollet—also had no CSP contracts.

In evaluating the distribution of contracts, there tends to be significant variability. Some counties have had little or no CSP contract activity over the past four years, while their neighbors have a significant number of CSP participants. Interviews and anecdotal evidence show that the level of engagement and outreach related to CSP by farm and conservation organizations, technical service providers and crop consultants, as well as NRCS county and district staff, attribute to discrepancies that are otherwise hard to discern. General trends show counties in southwestern and west-central Minnesota had the highest participation in CSP, and subsequently the largest dollar obligations.

Table 5: Top Minnesota CSP Counties in Contracts

County	Contracts
MORRISON	205
OTTER TAIL	150
MURRAY	148
YELLOW MEDICINE	132
STEARNS	111
LYON	104
ROSEAU	104
GRANT	91
GOODHUE	84
PENNINGTON	83

Table 6: Top Minnesota CSP Counties in Acres

County	Contracted Acres
MURRAY	130,386
GRANT	121,037
YELLOW MEDICINE	112,413
TRAVERSE	91,942
LYON	84,261
MORRISON	82,707
OTTER TAIL	75,839
ROSEAU	73,597
STEARNS	49,392
KANDIYOHI	47,832

Source for Tables 5, 6 & 7: Minnesota Natural Resources Conservation Service

Table 7: Top Minnesota CSP Counties in Dollars Obligated

County	Funding Obligated
YELLOW MEDICINE	$ 20,221,609
MURRAY	$ 19,207,411
LYON	$ 14,536,686
GRANT	$ 13,930,731
TRAVERSE	$ 11,518,741
MORRISON	$ 11,182,198
OTTER TAIL	$ 10,323,468
STEARNS	$ 8,179,363
ROSEAU	$ 7,668,046
LINCOLN	$ 6,819,652

For an additional overview of CSP usage in Minnesota counties, see the three maps titled as:

- **Appendix 3**: Contracts per Minnesota County (page 20)
- **Appendix 4:** Acres per Minnesota County (page 21)
- **Appendix 5:** Contracted Funding Obligated (page 22)

How Minnesota Compares with the Rest of the Nation

Minnesota is tops in the nation in terms of number of CSP contracts in existence as well as dollars obligated for those contracts. CSP has been implemented in every state. Funds provided thus far for financial assistance to producers and to administer the programs (technical assistance) has totaled nearly $1.72 billion nationwide since 2009 (*see Table 8: Top 10 States in Number of CSP Contracts; and Table 9: Top 10 States in Amount of CSP Funding Obligated*). Minnesota is ranked tenth in number of CSP acres enrolled (*see Table 10: Top 10 States in Number of CSP Acres*).

Table 8: Top 10 States in Number of CSP Contracts

	2009-2010	2011	2012	TOTAL
Minnesota	1,543	764	893	**3200**
Missouri	1,939	711	434	**3084**
Iowa	1,480	713	552	**2745**
Nebraska	1,106	569	463	**2138**
Oklahoma	918	590	583	**2091**
Wisconsin	968	587	476	**2031**
Kansas	872	458	451	**1781**
Arkansas	620	453	572	**1645**
Texas	989	206	435	**1630**
North Dakota	627	336	519	**1482**
Georgia	584	413	475	**1472**

Source: U.S. Natural Resources Conservation Service

Table 9: Top 10 States in Amount of CSP Funding Obligated

Conservation Stewardship Program	
Est. Obligations ($) by State 2009-12	
STATE	Total 5-Year Contract
	Obligations ($ million)
Minnesota	$282.80
North Dakota	$240.50
Nebraska	$210.40
Kansas	$206.20
Arkansas	$188.70
Iowa	$187.40
Oklahoma	$179.90
South Dakota	$179.20
Montana	$144.60
Georgia	$135.50

Source: U.S. Natural Resources Conservation Service

Table 10: Top 10 States in Number of CSP Acres

	2009-2010	2011	2012	Total
Nebraska	1,836,928	1,260,005	953,901	4,050,834
Texas	2,037,864	498,875	1,155,790	3,692,530
New Mexico	1,478,740	905,792	1,085,375	3,469,907
Montana	1,810,055	964,233	639,912	3,414,200
South Dakota	1,294,391	868,844	845,870	3,009,104
North Dakota	1,280,729	634,775	873,362	2,788,866
Kansas	1,216,415	834,091	858,480	2,908,986
Colorado	1,264,376	800,534	433,410	2,498,320
Oklahoma	1,137,871	737,811	593,766	2,469,449
Minnesota	915,761	552,156	659,351	2,127,269

Source: U.S. Natural Resources Conservation Service

In reviewing top usage nationwide, we noted some differences in the lists of Top 10 Funding Obligated and Top 10 Acres Enrolled (*see Table 9 and Table 10*). We surmise that some states with large acreage enrollment like Texas and New Mexico probably have substantial rangeland contracts, while other states such as Minnesota and Iowa have more acres and contracts in agricultural land.

CSP Snapshot:

Minnesota's Top CSP County

Walking into the USDA Service Center in Little Falls, Minn., one gets a sense of why Morrison County has far and away more Conservation Stewardship Program contracts than any other county in the state. "CSP Sign-Up" reads a yellow placard taped to the main service counter. And USDA staff strive to follow-up that welcome sign with service that will help farmers figure out if CSP is right for them, and if so, how to simplify the sign-up process.

"I've been blessed with an office that is very farmer-friendly," says Joshua Hanson, District Conservationist for the Natural Resources Conservation Service in Morrison County. "Here when they have a gully erosion problem they come into the office and see what they can do. They aren't afraid to come to us to fix the problem."

Through a combination of aggressive public outreach (they have a good relationship with local radio stations and newspapers), teamwork involving other USDA staff as well as private crop consultants and a willingness to adopt the program to each farmer's situation, Hanson and his staff have developed 205 CSP contracts since 2010. That's 55 more contracts than the next closest county, and double or even triple the majority of counties in the state (*see Table 5*).

Part of the reason CSP enrollment has taken off in the county is that all of the USDA staff in the service center, not just NRCS personnel, keep an eye out for farmers who might be a good fit for the program. Hanson and Terry Zapzalka, the NRCS soil conservationist for the county, make sure other staff in the USDA Service Center are up on the basics of CSP, so that even when NRCS staffers aren't around, the farmer doesn't go away empty handed.

"There's a lot of back and forth between the Farm Service Agency office and here," says Darrell Larsen, executive director of the Morrison County Farm Service Agency, which is located across the hall from the NRCS offices. Larsen, who used to farm himself, says it's important to explain the difference between the various federal programs to producers.

"I have a great appreciation for what a farmer goes through," he says. "Walking through that front door it can be hard to differentiate between the various agencies in the building."

Josh Hanson (*left*) and Terry Zapzalka at the Morrison County USDA service office. "I've been blessed with an office that is very farmer-friendly," says Hanson.

Zapzalka says sign-up for CSP tends to build on itself—the more farmers who get contracts, the more of their neighbors who show an interest.

"I think farmers talk amongst each other and if one of them says, 'Hey, I'm getting a certain payment for doing conservation on the farm—it's something you should look into,' they will listen," says Zapzalka.

The CSP payment rates in the county are attractive—averaging $30 to $40 for cropland and $15 to $20 for pasture. And since so many of the farms in the county have livestock (Morrison is a top milk producer in the state), farmers often rate highly already because of the presence of hay ground in the rotation.

Many of the farmers Hanson and Zapzalka work with were open to a program like CSP because they had previous experience with the Environmental Quality Incentives Program (EQIP), another USDA conservation initiative.

Hanson and Zapzalka say since these CSP contracts were put in place, they are noticing more soil-saving residue on the ground and better nutrient management. Soil organic matter also seems to be increasing, which increases the soil's ability to retain moisture and make use of precipitation rather than sending it running off full of contaminants.

Working Relationship

Dave Lanners farms 800 acres in Morrison County, including corn, soybeans, sunflowers and hogs.

"Whenever I buy a piece of land I like to do things to keep soil in place," he says. "That's my number one priority is to keep the soil where it's at—I hate to see wash-outs. We haven't moldboard plowed in 20 years."

Lanners enrolled in CSP four years ago and is being paid for several existing practices, including conservation tillage, spraying chemicals with air injection nozzles and planting deep-rooted crops like sunflowers as well as some alfalfa. His enhancements include leaving more residue on the ground and planting deep-rooted crops like tillage radishes.

His per-acre payment on the five-year contract is $30 to $31. "I think it's fair," he says. "Maybe there's some more things I could have done, but I just wanted to get a feel for it."

Lanners says he didn't know a lot about CSP at first, but working with Hanson and Zapzalka made the half-day of paper work he needed to do go a lot smoother.

"That's really important to a farmer to have someone to with work with in the NRCS office," says Lanners. "After that, I stay pretty close in touch with Josh, so he knows I'm doing what I said I'd do."

Review of CSP Payments

In Minnesota, payments range from $105 to $414,000 over the life of a 5-year contract. Our analysis shows the average payment over 5 years was $88,968.

The 2008 Food Energy and Conservation Act established payment limits[4] for CSP. These limits specify that producers may have more than one contract, but for all contracts combined the per individual limit may not exceed $40,000 per year or $200,000 during any five-year period.

Although the contract limit established in rulemaking is $40,000 per year, in cases where operations are, for example, organized as joint ventures or partnerships the limit is $80,000 per year or $400,000 over 5 years. Regardless, payments must be attributed to actual persons and cannot exceed the per individual limit of $40,000 per year. These limits do not apply in the case of federally recognized Indian tribes or Alaska Native corporations, which explains why there is one Minnesota contract that exceeds $400,000.

Table 11: Payment Level Distribution of Minnesota CSP Contracts

Number of Contracts	Payment Levels
26	$400,000 to $414,000
14	$300,000 to $399,999
558	$200,000 to $299,999
59	$190,000 to $199,999
51	$180,000 to $189,999
47	$170,000 to $179,999
40	$160,000 to $169,999
52	$150,000 to $159,000
74	$140,000 to $149,999
69	$130,000 to $139,999
64	$120,000 to $129,999
71	$110,000 to $119,999
76	$100,000 to $109,999
100	$90,000 to $99,999
99	$80,000 to S89,999
88	$70,000 to $79,999
109	$60,000 to $69,999
141	$50,000 to $59,999
165	$40,000 to $49,999
186	$30,000 to $39,999
212	$20,000 to $29,999
255	$10,000 to $19,999
644	$0 to $9,999

Source: Minnesota USDA Natural Resources Conservation Service

The largest single grouping of Minnesota contracts was 644 for those below $10,000. The second largest single grouping was the 558 contracts offered at the $200,000 to $299,999 level. It should be noted that in our review of payments, 541 of those 558 contracts were offered at the $200,000 level, indicating a significant number of producers meeting the per individual cap outlined in statute. An additional 57 contracts exceed the $200,000 5-year contract payment limit outlined in law and only one contract exceeded the $400,000 contract limit provided in final rulemaking.

Additional analysis showed that 62.4 percent of the Minnesota contracts were under $100,000, 35.8 percent were between $100,000 and $200,000 and 1.8 percent were over $200,000 (*see Table 11 for a breakout of contracts by value*).

In our review of the distribution by range of Minnesota payments, two findings are apparent. One is that the per individual payment cap proved to be effective. This is borne out by the sheer volume (541) of contracts at the $200,000 level. The other noticeable trend was that when considered as a whole, the majority of contracts enrolled were under $100,000. While access to contract type was not sought for this analysis, we surmise that many of these contracts are either nonindustrial private forest or smaller acreage agricultural land.

CSP Snapshot:

CSP on the Ground in Minnesota

Darrel Mosel

Darrel Mosel does his best to practice conservation on the 600 acres he raises crops and livestock on in central Minnesota. But even he admits that high prices paid for corn and soybeans in recent years have made it more difficult to justify planting a diverse mix of crops to protect soil and water.

"Without the Conservation Stewardship Program, it may have been more profitable the last couple years to plant my entire farm into one crop like continuous corn," says Mosel. "But with this program I was able to maintain a four-crop rotation, which helps reduce erosion and is good for the land."

Mosel enrolled in CSP in 2009 and receives around $15,000 a year for 5 years. Besides expanding his rotation to include small grains and other soil-friendly plants, the farmer is using grassed contour strips and has established wildlife habitat. Using CSP funds, he also put a rattling device on his hay mower to alert ground-nesting birds and has refined his fertilizer and pesticide applications to reduce runoff and drift.

In other words, like many of the farmers interviewed by the Land Stewardship Project, Mosel has used his CSP contract to not only get rewarded for current farming practices, but also to help finance the establishment of new ones.

Mosel says he's seeing much less erosion on his farm and more wildlife. "The temptation is there to just forgo conservation, but CSP helps and in the long-run I think it is better for us all," he says.

Tom Nuessmeier

Tom Nuessmeier enrolled his 200-acre southern Minnesota crop and livestock farm in CSP in 2009. Nuessmeier's operation was already certified organic, but to increase his CSP score he agreed to add integrated pest management and resource conserving crop rotations as enhancements.

His basic rotation is corn with a fall cover crop in year-one, soybeans year-two, oats under-seeded with alfalfa/grass year three and an alfalfa/grass mix.

His total CSP payment will be $30,500 over the life of the contract.

"It's conservation on the ground that you're farming," says Nuessmeier.

Arvid & Lois Jovaag

Arvid and Lois Jovaag also enrolled in a 5-year CSP contract in 2009. When the southern Minnesota family applied to CSP, the local NRCS office scored them based on what conservation measures they already had in place, and which ones they agreed to add in the future. Their rotational grazing system, resource conserving crop rotation, minimum tillage system and water-friendly buffer plantings yielded a relatively high score in the "existing conservation" category.

The Jovaags accumulated more points by agreeing to add other conservation measures. These ranged from significant projects (a sediment pond along a river) to relatively simple (retrofitting watering facilities for wildlife escape). The sediment pond supports a shallow wetland site that has been particularly effective at collecting sediment that runs from the fields and filtering water before going into the river. It also provides habitat for wildlife.

Overall, the family qualified for a 5-year contract valued at $6,631 annually.

"It doesn't have to be a choice between being a working, productive farm and conservation," says Arvid. "Programs like CSP can help farmers strike a balance between profits and sustainability."

The rotational grazing system used by Arvid and Lois Jovaag gave them a relatively high "existing category" CSP score.

Darwyn Bach

Southwest Minnesota farmer Darwyn Bach qualified for $7,182 per year for five years through a CSP contract because he agreed to initiate conservation practices such as applying chemicals precisely and widening the grassy buffers that guide water runoff within and between his row-cropped fields.

However, he had to spend $10,500 to make his spraying equipment more precise and to update his planter. Bach says the changes have been worth the time and money spent. He feels better about how he's raising his crops, and he can see the conservation benefits. After spring rains he used to have to go out and fill in newly formed gullies. Not anymore.

Bach also feels practicing conservation on his farm is a way of giving back to the taxpayers who fund farm programs

"I think the taxpayer should see benefits from the support they give farmers. It should be expected," he says.

Biased Toward New Activities

While interviewed farmers provided encouraging accounts of CSP, the common critique was frustration regarding the complexity of the program's scoring process. Farmers felt the ranking scores unfairly provided greater weight and preference to new activities to be employed rather than existing activities of similar or identical value that were in place and were to be maintained for the duration of the contract. This critique is consistent with the analysis provided in the February 2012 report, *Integrating Sustainable and Organic Agriculture into NRCS Programs*.[7]

CSP Compared to Other Conservation Programs

Over the past four years, CSP has grown into one of our nation's largest conservation programs. The two other significant conservation programs offered by USDA are the Conservation Reserve Program (CRP) and the Environmental Quality Incentives Program (EQIP). Each addresses different conservation demands: CRP traditionally has removed fragile land from active production and EQIP has helped mitigate the costs of employing specific practices to alleviate a conservation problem or threat.

CSP's orientation is to reward and incentivize high levels of resource management on the whole agricultural operation. CSP, CRP and EQIP complement one another by using different approaches to engendering conservation on the ground and in a manner that provides producers and landowners various options.

Attempts to compare programs on a yearly or contract basis proved difficult considering the operational differences of these programs. However, here is a brief summary:

- • CRP was funded at $1.91 billion in 2012 with 421,725 contracts covering 26.9 million acres. These contracts are at various stages in duration between 1 and 15 years. Top states for CRP use in 2012 include Iowa, Illinois, Texas, Minnesota and Kansas. Current trends show a decline in CRP acres enrolled.

  • EQIP received $1.38 billion in 2012 for 44,748 contracts. EQIP contracts typically vary in length between 1 and 5 years. Top EQIP states in 2012 include California, Texas, New Mexico, Arizona and Nevada.

  • CSP has enrolled over 50 million acres with 39,233 contracts since 2009. Funding mechanisms differ from EQIP and CRP in that yearly funds pay for existing contracts and new enrollments. In 2012, $742 million was obligated to pay for existing and new contracts. The estimated obligation for all contracts between fiscal year 2009 and 2012 is $3.34 billion. For top states in estimated obligations, see Table 9.

The Future of the Conservation Stewardship Program

NRCS is expected to enroll another 12 million acres nationwide in CSP for fiscal year 2013. This year's CSP application deadline was June 14, 2013. Through the summer months NRCS staff have worked with producers to finalize applications, conduct internal rankings, do field visits and offer/finalize contracts.

Negotiations around reauthorization of federal farm policy have been stalled since 2012 at the Congressional level. The existing bill received a partial extension in January 2013 but is set to expire September 30, 2013. It is unknown when a new Farm Bill will be finalized and implemented. (CSP and some other conservation programs are already extended through Sept. 30, 2014.)

During the summer of 2013, the U.S. House passed HR 2642, which is largely the farm-only provisions of the Federal Agriculture Reform and Risk Management Act (FARRM), and the Senate passed S 954, the Agriculture Reform, Food and Jobs Act (ARFJA) of 2013. Unfortunately, these proposals reduce overall conservation funding by $6.9 billion (FARRM) and $5.6 billion (ARFJA).

The distribution of cuts within the Conservation Title provides greater insights as to priorities of Congressional leaders and the potential makeup of a final Farm Bill. Each of the big three conservation programs—CRP, EQIP and CSP—face cuts. However, CSP faces by far the greatest reduction (*see Table 12*).

The 2008 Farm Bill specified that 12.8 million acres a year were to be enrolled into CSP. Cuts outlined in the pending House and Senate Farm Bill proposals would reduce the yearly CSP targets to 8.7 million and 10.3 million acres respectively. Yet even with no Farm Bill, CSP continues as a viable program. By the end of fiscal year 2013, CSP will enroll another 12 million acres nationwide. That would be an astounding 62 million total acres in CSP. CSP, like other farm programs, continues to have a base even if a Farm Bill is not passed in 2013. (CSP and some other conservation programs are already extended through Sept. 30, 2014.) This means the program will continue to function in the near future.

Table 12: Conservation Cuts in Senate & House Versions of Proposed Farm Bill as of Summer 2013

	U.S. House FARRM: Percent decrease from baseline	U.S. Senate ARFJA: Percent decrease from baseline
Conservation Reserve Program	-15%	-12%
Environmental Quality Incentives Program	-4%	-9%
Conservation Stewardship Program	-21%	-14%

Source: National Sustainable Agriculture Coalition

Findings & Recommendations

Findings

◆ Since 2009, the Conservation Stewardship Program has evolved into one of this country's most significant farm conservation programs. By supporting working lands conservation on over 50 million acres, CSP has become a unique and critical tool for supporting innovative farming practices that not only protect the environment, but also improve farmers' ability to develop long-term sustainability.

◆ The state of Minnesota has consistently been the country's biggest user of this program, topping the nation in terms of dollars obligated and total contracts. This has produced real environmental benefits on the land while creating significant economic activity in rural communities. CSP remains very popular among farmers and landowners; sentiments provided by users are generally positive with many seeing the conservation and economic benefits of integrating the program into their working landscapes.

◆ Significantly weakening CSP would be a major blow to efforts to balance profitable farm production with stewardship of our land, water and wildlife habitat.

◆ In Minnesota, utilization of CSP can vary dramatically from county-to-county. For farmers, the number one source of information about CSP is their local USDA Natural Resources Conservation Service (NRCS) office. As a result, the amount of energy these offices puts into educating farmers about CSP is a major determinant of how active the program is in any given region.

Recommendations

◆ When the new Farm Bill is passed, it must allocate enough resources to enroll 12.8 million acres of CSP contracts each year for the five-year life of the law. If any cuts are proposed to the Farm Bill's Conservation Title, they should be minimized to the greatest extent possible. Any cuts should be equalized among programs to reduce the outsized budget burden CSP has been saddled with up to this point.

◆ Due to the critical role local NRCS staff play in how CSP performs in a county, extensive efforts should be made to share statewide the best approaches and methods for maximizing CSP use. The extreme discrepancies in CSP use between counties is of concern. Collaboration among agencies and local stakeholders should be encouraged and yearly accountability measures sought or enhanced.

◆ The complexity of the CSP scoring system, a common complaint among farmers, must be addressed. This scoring or "ranking" process should be made more transparent so that CSP can live up to its potential of supporting current conservation and promoting the implementation of future conservation activities. In addition, the ranking system should be modified so that it corrects the current bias toward new activities and provides a fairer assessment of existing activities of similar or identical conservation value.

Citations

[1] NRCS "Payment for Performance: Conservation Stewardship Program," February 2012

[2] PUBLIC LAW 110–246. FCEA. Title II Section 2301. Subsection (f) SUPPLEMENTAL PAYMENTS FOR RESOURCE-CONSERVING CROP ROTATIONS.

(1) AVAILABILITY OF PAYMENTS.—The Secretary shall provide additional payments to producers that, in participating in the program, agree to adopt resource-conserving crop rotations to achieve beneficial crop rotations as appropriate for the land of the producers.

(2) BENEFICIAL CROP ROTATIONS.—The Secretary shall determine whether a resource-conserving crop rotation is a beneficial crop rotation eligible for additional payments under paragraph (1), based on whether the resource-conserving crop rotation is designed to provide natural resource conservation and production benefits.

(3) ELIGIBILITY.—To be eligible to receive a payment described in paragraph (1), a producer shall agree to adopt and maintain beneficial resource-conserving crop rotations for the term of the contract.

(4) RESOURCE-CONSERVING CROP ROTATION.—In this subsection, the term "resource-conserving crop rotation" means a crop rotation that:

(A) includes at least 1 resource conserving crop (as defined by the Secretary);

(B) reduces erosion;

(C) improves soil fertility and tilth;

(D) interrupts pest cycles; and

(E) in applicable areas, reduces depletion of soil moisture or otherwise reduces the need for irrigation.

[3] PUBLIC LAW 110–246 . FCEA. Title II SEC. 2704. ASSISTANCE TO CERTAIN FARMERS AND RANCHERS TO IMPROVE THEIR ACCESS TO CONSERVATION PROGRAMS.

(g) ASSISTANCE TO CERTAIN FARMERS OR RANCHERS FOR CONSERVATION ACCESS.

(1) ASSISTANCE—Of the funds made available for each of fiscal years 2009 through 2012 to carry out the environmental quality incentives program and the acres made available for each of such fiscal years to carry out the conservation stewardship program, the Secretary shall use, to the maximum extent practicable

(A) 5 percent to assist beginning farmers or ranchers; and

(B) 5 percent to assist socially disadvantaged farmers or ranchers.

(2) REPOOLING OF FUNDS—In any fiscal year, amounts not obligated under paragraph (1) by a date determined by the Secretary shall be available for payments and technical assistance to all persons eligible for payments or technical assistance in that fiscal year under the environmental quality incentives program.

(3) REPOOLING OF ACRES—In any fiscal year, acres not obligated under paragraph (1) by a date determined by the Secretary shall be available for use in that fiscal year under the conservation stewardship program.

[4] PUBLIC LAW 110–246 . FCEA. Title II SEC 2301. SUBSEC. (g) PAYMENT LIMITATIONS. A person or legal entity may not receive, directly or indirectly, payments under this subchapter that, in the aggregate, exceed $200,000 for all contracts entered into during any 5-year period, excluding funding arrangements with federally recognized Indian tribes or Alaska Native corporations, regardless of the number of contracts entered into under the program by the person or entity.

(h) REGULATIONS.—The Secretary shall promulgate regulations that:

(1) prescribe such other rules as the Secretary determines to be necessary to ensure a fair and reasonable application of the limitations established under subsection (g); and

(2) otherwise enable the Secretary to carry out the program.

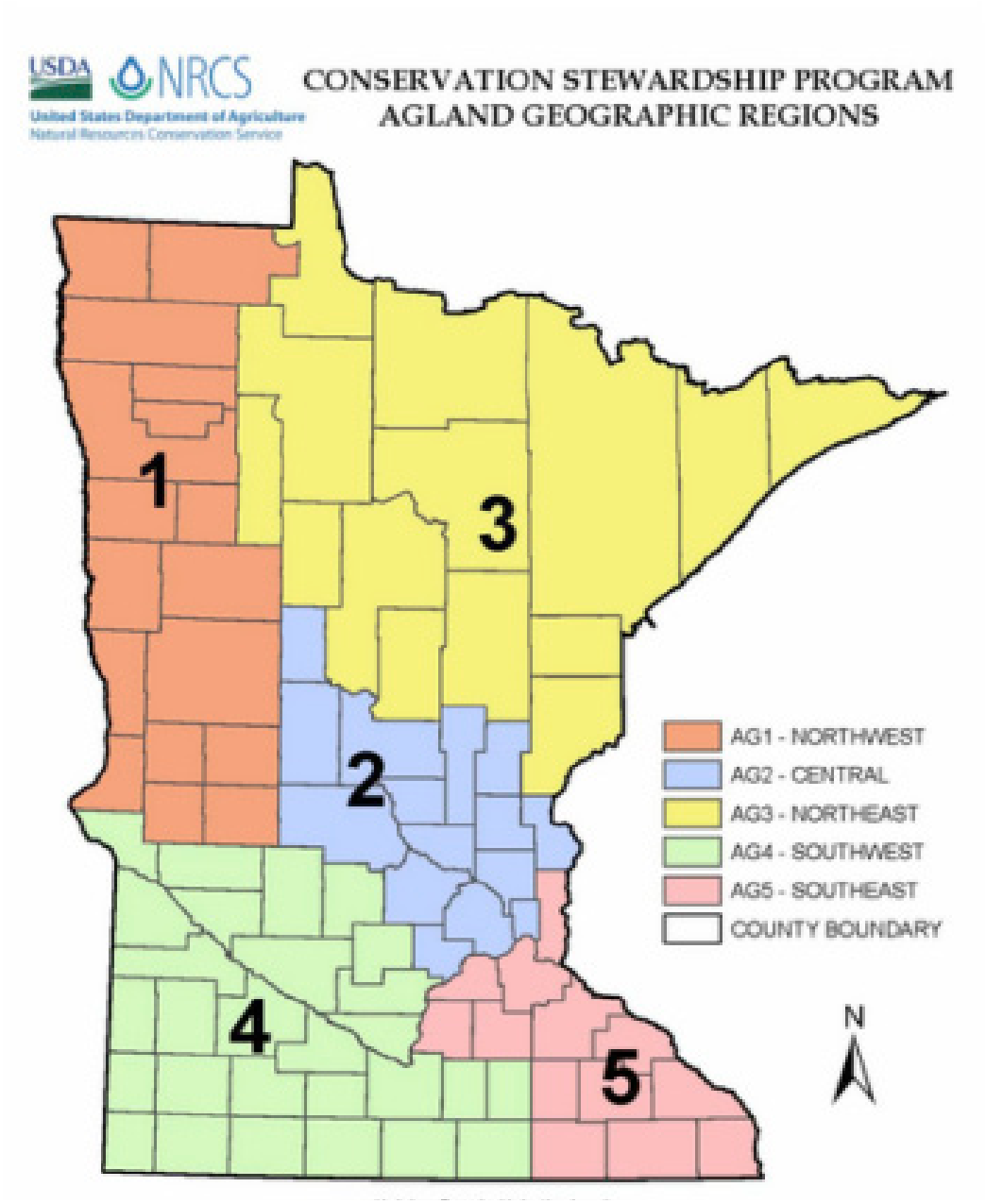
[5] Since EQIP contracts vary in length, typically in the 1-5 year range, it should be noted that this is a representation of 2012.

[6] CSP yearly allocations pay for existing as well as new contracts so the baseline increases over 10 years. While baseline projections for CRP and EQIP do change over 10 years, the same funding dynamic is not in place since allocations pay for only existing contracts.

[7] *Integrating Sustainable and Organic Agriculture into NRCS Programs*, February 2012, National Conservation Innovation Project (this report was developed by a collaboration of farm and conservation groups with support from the NRCS Conservation Innovation Grant program)

Appendix 1: Minnesota CSP Ag Land Geographical Regions

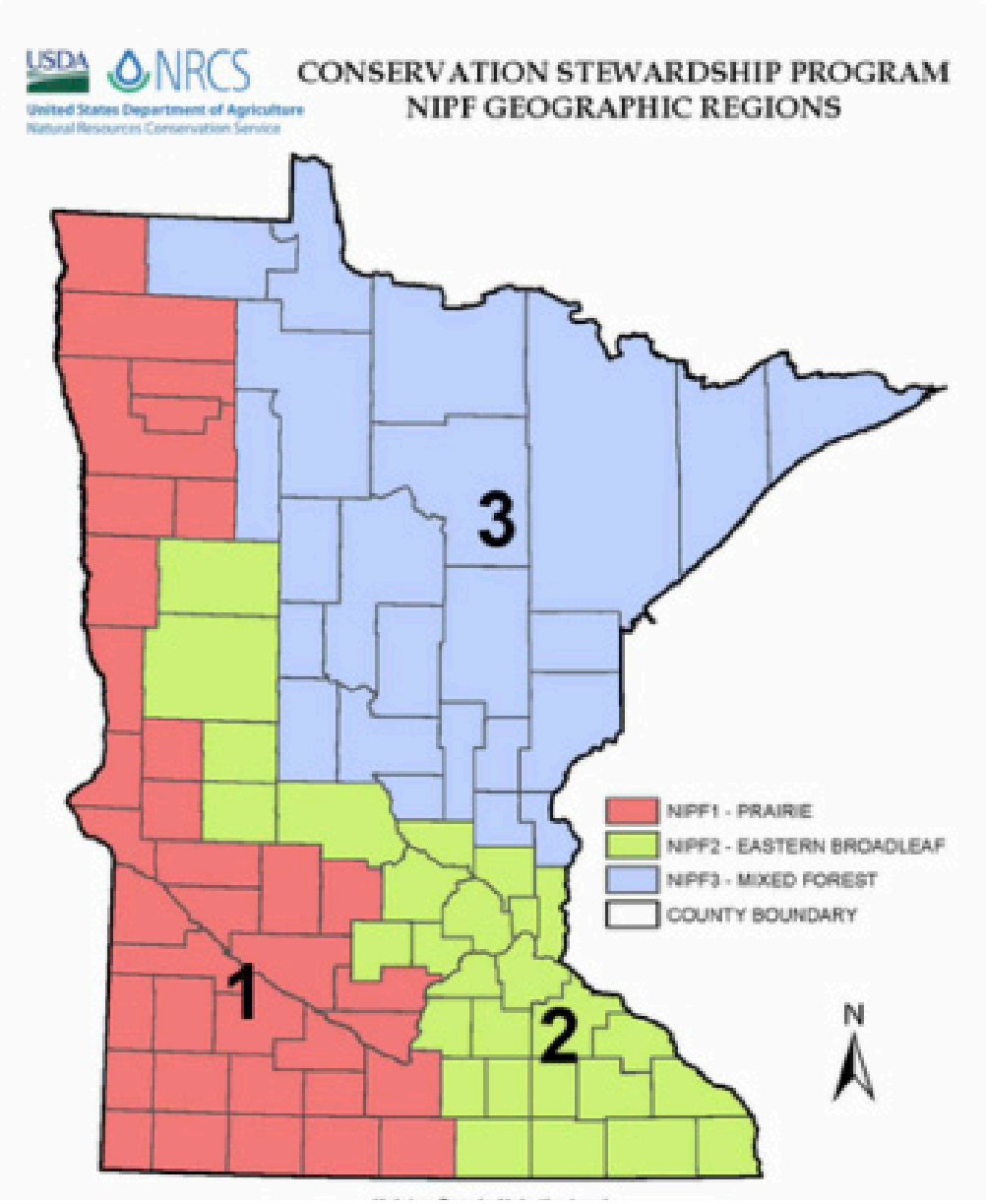
Agricultural Land Geographic Regions



Source: Minnesota USDA Natural Resources Conservation Service

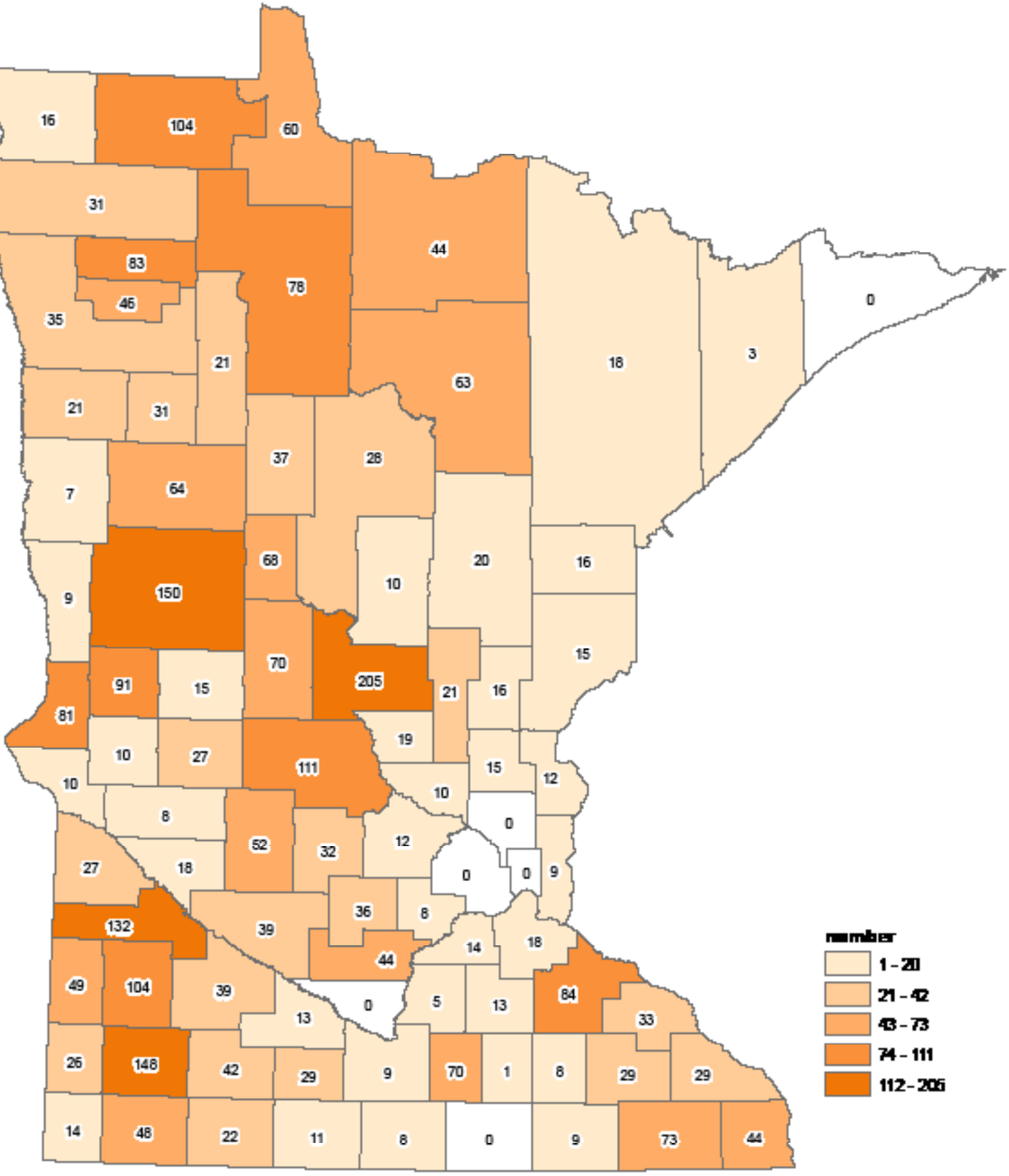
Appendix 2: Minnesota CSP Nonindustrial Private Forest Geographical Regions

Nonindustrial Private Forest Land Geographic Regions



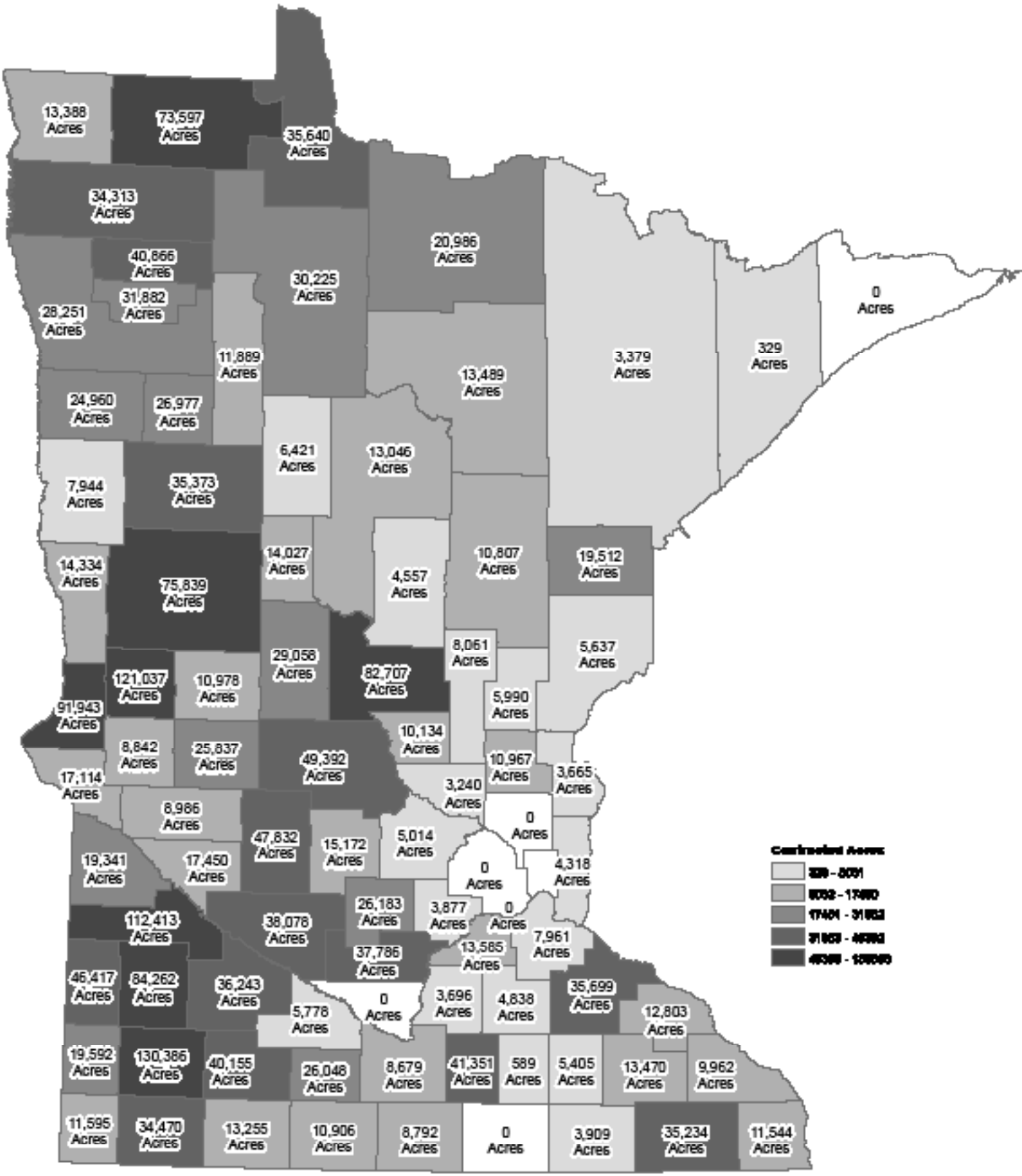
Source: Minnesota USDA Natural Resources Conservation Service

Appendix 3: Contracts per Minnesota County



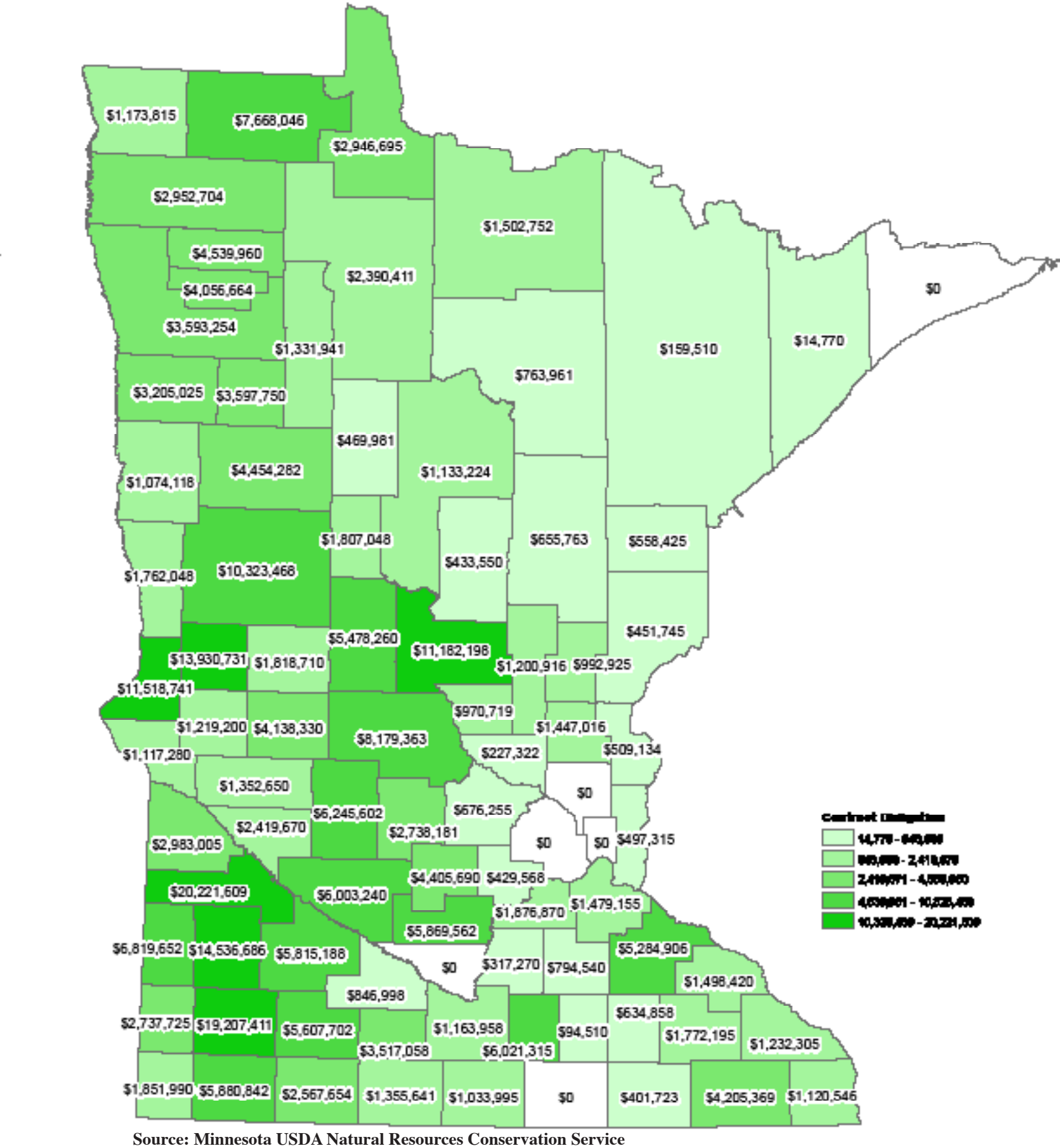
Source: Minnesota USDA Natural Resources Conservation Service

Appendix 4: Acres per Minnesota County



Source: Minnesota USDA Natural Resources Conservation Service

Appendix 5: Contracted Funding Obligated



Source: Minnesota USDA Natural Resources Conservation Service

Appendix 6: Total Minnesota CSP Data 2009-2012

County	Contracts Obligated	Acres	Yearly Obligation	Contract Obligation	Average Acres / Contract	Average $ / Contract
AITKIN	20	10,807	131,153	655,763	1,300	15,551
BECKER	64	35,373	890,856	4,454,282	1,631	41,153
BELTRAMI	78	30,225	478,082	2,390,411	1,216	20,640
BENTON	19	10,134	194,144	970,719	3,171	52,255
BIG STONE	10	17,114	223,456	1,117,280	4,728	67,594
BLUE EARTH	9	8,679	232,792	1,163,958	3,569	99,099
BROWN	13	5,778	169,400	846,999	889	29,647
CARLTON	16	19,512	111,685	558,425	1,778	10,578
CARVER	8	3,877	85,914	429,568	1,563	39,491
CASS	28	13,046	226,645	1,133,224	1,634	27,470
CHIPPEWA	18	17,460	483,934	2,419,670	2,908	81,147
CHISAGO	12	3,665	101,827	509,134	1,066	34,961
CLAY	7	7,944	214,824	1,074,118	2,471	66,505
CLEARWATER	21	11,889	266,388	1,331,941	1,724	38,749
COTTONWOOD	42	40,155	1,121,540	5,607,702	2,851	79,780
CROW WING	10	4,557	86,710	433,550	1,262	24,538
DAKOTA	18	7,961	295,831	1,479,155	1,446	55,590
DODGE	8	5,405	126,972	634,858	1,001	23,751
DOUGLAS	15	10,978	363,742	1,818,710	2,175	73,776
FARIBAULT	8	8,792	206,799	1,033,995	1,881	51,273
FILLMORE	73	35,234	841,074	4,205,369	1,662	40,417
GOODHUE	84	35,699	1,056,981	5,284,906	1,384	42,911
GRANT	91	121,037	2,786,146	13,930,731	4,050	93,234
HOUSTON	44	11,544	224,109	1,120,546	734	15,175
HUBBARD	37	6,421	93,996	469,981	458	6,068
ISANTI	15	10,967	289,403	1,447,016	2,167	55,646
ITASCA	63	13,489	152,792	763,961	525	6,791
JACKSON	22	13,255	513,531	2,567,654	1,773	64,869
KANABEC	16	5,990	198,585	992,925	995	34,627
KANDIYOHI	52	47,832	1,249,120	6,245,602	2,530	69,910
KITTSON	16	13,388	234,763	1,173,815	2,466	43,741
KOOCHICHING	44	20,986	300,550	1,502,752	1,366	22,082
LAC QUI PARLE	27	19,341	596,601	2,983,005	2,297	71,458
LAKE	3	329	2,954	14,770	182	1,977
LAKE OF THE WOODS	60	35,640	589,339	2,946,695	1,751	31,089
LE SUEUR	5	3,696	63,454	317,270	1,768	31,974
LINCOLN	49	46,417	1,363,930	6,819,652	2,800	84,111
LYON	104	84,262	2,907,337	14,536,686	2,489	84,896
MAHNOMEN	31	26,977	719,550	3,597,750	2,527	67,797
MARSHALL	31	34,313	590,541	2,952,704	3,707	62,748
MARTIN	11	10,906	271,128	1,355,641	3,059	74,536
MCLEOD	36	26,183	881,138	4,405,690	2,485	85,374
MEEKER	32	15,172	547,636	2,738,181	1,398	51,381
MILLE LACS	21	8,061	240,183	1,200,916	1,235	36,299
MORRISON	205	82,707	2,236,440	11,182,198	1,122	30,707
MOWER	9	3,909	80,345	401,723	802	18,206
MURRAY	148	130,386	3,841,482	19,207,411	2,517	75,618
NOBLES	48	34,470	1,176,168	5,880,842	2,280	84,339

Source: Minnesota USDA Natural Resources Conservation Service

Appendix 6: Total Minnesota CSP Data 2009-2012 (continued from p. 23)

County	Contracts Obligated	Acres	Yearly Obligation	Contract Obligation	Average Acres / Contract	Average $ / Contract
NORMAN	21	24,960	641,005	3,205,025	2,914	77,714
OLMSTED	29	13,470	354,439	1,772,195	1,473	32,940
OTTER TAIL	150	75,839	2,064,694	10,323,468	1,652	45,681
PENNINGTON	83	40,866	907,992	4,539,960	1,808	43,521
PINE	15	5,637	90,349	451,745	763	11,599
PIPESTONE	26	19,582	547,545	2,737,725	2,317	65,839
POLK	35	28,251	718,651	3,593,254	2,052	55,531
POPE	27	25,837	827,666	4,138,330	2,496	79,793
RED LAKE	46	31,882	811,333	4,056,664	2,139	55,795
REDWOOD	39	36,243	1,163,038	5,815,188	2,781	89,125
RENVILLE	39	38,078	1,200,648	6,003,240	2,987	93,495
RICE	13	4,838	158,906	794,540	938	31,588
ROCK	14	11,595	370,398	1,851,990	2,367	73,674
ROSEAU	104	73,597	1,533,609	7,668,046	2,158	44,176
SCOTT	14	13,585	375,374	1,876,870	3,221	88,875
SHERBURNE	10	3,240	45,464	227,322	488	6,819
SIBLEY	44	37,786	1,173,912	5,869,562	2,628	81,790
ST LOUIS	18	3,379	31,902	159,510	512	4,923
STEARNS	111	49,392	1,635,873	8,179,363	1,322	44,775
STEELE	1	589	18,902	94,510	589	18,902
STEVENS	10	8,842	243,840	1,219,200	2,922	82,065
SWIFT	8	8,986	270,530	1,352,650	3,402	107,121
TODD	70	29,056	1,095,652	5,478,260	1,254	45,091
TRAVERSE	81	91,943	2,303,748	11,518,741	3,434	86,192
WABASHA	33	12,803	299,684	1,498,420	1,464	39,986
WADENA	68	14,027	361,410	1,807,048	642	15,644
WASECA	70	41,351	1,204,263	6,021,315	2,291	64,163
WASHINGTON	9	4,318	99,463	497,315	1,264	33,134
WATONWAN	29	26,048	703,412	3,517,058	3,387	86,094
WILKIN	9	14,334	352,410	1,762,048	4,956	117,705
WINONA	29	9,962	246,461	1,232,305	852	24,279
WRIGHT	12	5,014	135,251	676,255	1,224	32,783
YELLOW MEDICINE	132	112,413	4,044,322	20,221,609	2,666	91,342

Source: Minnesota USDA Natural Resources Conservation Service

The Land Stewardship Project

The Land Stewardship Project is a private, nonprofit organization. The mission of the Land Stewardship Project is to foster an ethic of stewardship for farmland, to promote sustainable agriculture and to develop sustainable communities.

The Land Stewardship Project has offices in the Minnesota communities of:

- **Lewiston (507-523-3366)**
- **Montevideo (320-269-2105)**
- **South Minneapolis (612-722-6377)**

www.landstewardshipproject.org