

CRS Report for Congress

Funding Levels for Conservation Programs in the 2007 Farm Bill

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Jeffrey Zinn
Specialist in Natural Resources Policy
Resources, Science, and Industry Division



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Summary

Funding levels for USDA programs, including conservation programs, are among the most contentious issues Congress is addressing in the 2007 farm bill debate. The 110th Congress has adopted a “pay-as-you-go” approach government-wide, so that any increase in mandatory funding in one area has to be offset either by equivalent spending reductions in other programs or by revenue increases. Further constraining farm bill funding is the decline in the baseline from which future agriculture funding is projected because of high market prices, which are lowering projected outlays under the current structure of commodity programs.

In this funding environment, many interests are vigorously defending at least the continuation of current funding levels in the next farm bill, especially funding for commodity programs, while others are seeking new or additional funding for other topics addressed in the farm bill. These topics include not only conservation, which is discussed in this report, but also specialty crops, energy, and other areas.

Under the House-passed version of the farm bill (H.R. 2419), spending for conservation programs would remain at current levels or increase from the FY2007 authorized level, with one notable exception. This exception is the Conservation Security Program, where funding for additional enrollment would be suspended until FY2012. Increases would occur in three current programs: the Environmental Quality Incentives Program would increase by a total of \$2.0 billion between FY2008 and FY2012; the Farm and Ranchland Protection Program would increase by a total of \$510 million between FY2008 and FY2012; and the Grasslands Reserve Program would increase by a total of \$340 million over the same time period. Some supporters of conservation complain that the overall rate and amount of growth of conservation spending in H.R. 2419 would be insufficient and that additional enrollment into the Conservation Security Program should be funded before FY2012. Some characterize the conservation funding under the House-passed bill as a small increase or limited change from the status quo, while others characterize it as a substantial increase, especially when current budget constraints are considered.

This report consists of two tables, preceded by a brief narrative. The first table summarizes the annual funding provisions, by program, in (1) current law, (2) H.R. 2419 as passed, and (3) the Bush Administration’s farm bill proposals. The second table compares FY2007 authorized and actual funding levels for programs authorized in the 2002 farm bill with FY2008 and FY2012 funding levels that would be authorized in the 2007 House-passed farm bill. **Table 1** includes new conservation programs that would be authorized for the first time in H.R. 2419 or in the Bush administration proposal. **Table 2** is limited to conservation programs in which funding was authorized in the 2002 farm bill and would be reauthorized in a 2007 farm bill. Both tables will be updated after the Senate Agriculture Committee completes action on its version of the next farm bill.

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Funding Levels for Conservation Programs in the 2007 Farm Bill

Introduction

Funding levels for USDA programs, including conservation programs, are among the most contentious issues Congress is addressing in the 2007 farm bill debate. The 110th Congress has adopted a “pay-as-you-go” approach government-wide, so that any increase in mandatory funding authorized in one area must be offset either by equivalent reductions in other programs or by revenue increases. Further constraining farm bill funding is the decline in the baseline from which future agriculture funding is projected because of high farm commodity market prices, which are lowering projected outlays under the current structure of commodity programs. In this funding environment, many interests are vigorously defending at least the continuation of current funding levels in the next farm bill, especially funding for commodity programs, while others are seeking new or additional funding, not only for conservation, which is the topic of this report, but also for specialty crops, energy, and other topics addressed by the farm bill.

These considerations led the House Agriculture Committee to consider two alternative funding levels for several conservation programs as the subcommittee and full committee acted on these proposals, depending on how much money would be made available.¹ It was only as the bill reached the House floor that the authorization levels for programs were determined. Since additional funds were made available, the House-passed version of the farm bill (H.R. 2419) would increase funding for the larger conservation programs (with one notable exception), provide level funding to most of the smaller ones, and authorize funding for several new ones.² The exception is the Conservation Security Program, where provisions in H.R. 2419 would suspend additional enrollment until FY2012.

Supporters of conservation are concerned that the overall rate and amount of growth of conservation spending in H.R. 2419 would be insufficient and that additional enrollment into the Conservation Security Program should be funded before FY2012. Many of the alternative proposals that were offered in the House would have addressed these concerns in different ways, including increasing funding to certain programs by providing additional funds more rapidly or providing a larger total amount over the life of this farm bill.

¹ For more information on House development and consideration of farm bill legislation, see CRS Report RL33934, *Farm Bill Proposals and Legislative Action in the 110th Congress*.

² For basic information about the entire suite of current agriculture conservation programs, see CRS Report RL32940, *Agriculture Conservation Programs: A Scorecard*.

One way to frame the funding challenge in the current policy setting is to consider farm bill funding at three distinct but interrelated levels. At the largest level, which considers the entire federal budget, this challenge involves determining the portion of the federal budget that will be allocated to agriculture. Questions at this level were largely answered through the FY2008 budget resolution (S.Con.Res. 21), which assumes spending will continue at the current level, and reserves \$20 billion for new spending if comparable budget offsets are identified. The middle level considers the allocation of funds throughout the array of eligible agricultural programs. Among the issues at this level are how much of the available funds will be allocated to the traditional commodity programs, and how the funds that are not allocated to commodity programs are divided among all the many other activities and responsibilities in the agriculture portfolio, one of which is conservation. The smallest level is the allocation of funds within each of these activity areas in agriculture, such as conservation. Within the suite of conservation programs, funding decisions are based on many considerations, such as what approaches to conservation are being funded (retiring land or installing conservation practices on land in production, for example); and how funds will be allocated among producers to implement conservation and the activities that support conservation, including providing technical assistance and administrative support.

Table 1 compares funding levels for programs authorized in the conservation title under current law with future funding under the House-passed farm bill and under the Administration's farm bill proposal. It also includes new programs that the House-passed bill or the Administration proposal would authorize. The table does not include provisions in the numerous other proposals offered in the House as options to the committee bill, such as H.R. 1551 (Kind), H.R. 1600 (Cardoza), and H.R. 2144 (DeLauro), since none of these bills was approved at any point in the legislative process. It is also important to note, however, that aspects of these and other bills eventually influenced the contents of H.R. 2419, as passed. Provisions in current law authorizing conservation funding for all but two programs expire in FY2007. The two exceptions are the Conservation Security Program and the Environmental Quality Incentives Program; expiration dates for both programs are noted in the table entries. All provisions in the House-passed bill would expire in FY2012, except for the Conservation Security Program, where funding is authorized through FY2017. The Administration proposal would also authorize conservation programs through FY2012.

This table presents only the proposed funding levels in H.R. 2419 and the Administration proposal; it does not identify any other proposed policy changes.³ In some instances, these policy changes, if enacted, could greatly alter how the program funds are actually spent or the conservation benefits that result. Finally, this table is limited to proposals in the conservation title. Some of the provisions in the House-passed bill address conservation topics in other titles, including the forestry and energy titles, which are not addressed here.

³ Two of these, the Conservation Reserve Program and the Wetlands Reserve Program, are authorized by number of acres that can be enrolled rather than dollar amounts. A third, the Grasslands Reserve Program, is authorized by both acreage and dollar amounts.

Table 2 provides data to explore the question of whether conservation funding is increased under H.R. 2419, and if so, by how much. This table shows that three programs would increase: the Environmental Quality Incentives Program would increase by a total of \$2.0 billion between FY2008 and FY2012; the Farm and Ranchland Protection Program would increase by a total of \$510 million between FY2008 and FY2012; and the Grasslands Reserve Program would increase by a total of \$340 million over the same time period. During the same time period, funding would remain unchanged for the Conservation Reserve Program, the Wetlands Reserve Program, and the Wildlife Habitat Incentives Program, as well as the renamed Ground and Surface Water Program, and would decline in small amounts for two other conservation programs.

It is important to remember that the authorized amount sets an upper limit, and Congress has often acted subsequently through the appropriations process to allow less funding than was authorized.⁴ However, with the exception of the Conservation Security Program, for which Congress has reduced the authorized funding level several times since it was enacted in 2002, most of these reductions have been modest dollar amounts. Even if the reductions are modest, for some of the smaller conservation programs, they may be, nonetheless, a significant portion of the authorized level. The largest reductions most years by dollar amounts have been in the Environmental Quality Incentives Program, and the largest reductions by lowering acreage enrollment ceilings have been in the Wetlands Reserve Program.⁵

⁴ For more information on authorized spending levels and actual funding levels for each mandatory conservation program each year under provisions in the 2002 farm bill, see CRS Report RS22243, *Mandatory Funding for Agriculture Conservation Programs*.

⁵ For more information on the conservation provisions in the House-passed farm bill, see CRS Report RL34060, *Conservation and the 2007 Farm Bill*.

Table 1. Agriculture Conservation Funding: A Comparison of Current Law and Future Funding in Selected Proposals

Program and Provisions in Current Law (FY2002 - FY2007, unless otherwise noted)	H.R. 2419, the House-Passed Farm Bill (Programs authorized through FY2012, unless otherwise noted)	Administration Proposal (Programs authorized through FY2012)
Existing Programs		
Conservation Reserve Program (CRP): Provides mandatory funding to enroll up to 39.2 million acres at any time through calendar year 2007, of which up to 1 million acres is in a pilot program for small isolated wetlands. (Sec. 1231 of 1985 Food Security Act)	No change in total acres; numerous other changes could alter enrollment patterns in the future. (Sec. 2101)	No change in total acres; numerous other changes, such as the addition of a biomass reserve, could alter enrollment patterns and priorities. (Sec. 2201)
Wetlands Reserve Program (WRP): Provides mandatory funding to enroll up to 2.275 million acres in total through calendar year 2007; up to 250,000 acres each calendar year. (Sec. 1237 of 1985 Food Security Act)	Enroll up to 3.605 million acres in total, and enroll 250,000 acres each fiscal year, with no more than 10,000 of that total in floodplain easements; numerous other changes could alter enrollment patterns in the future. (Sec. 2102)	Enroll 3.525 million acres in total; implement program by fiscal year rather than calendar year. (Sec. 2301)
Conservation Security Program (CSP): Authorized to spend up to \$1,954 million in mandatory funding between FY2006 and FY2010, and \$5,650 million between FY2006 and FY2015. (Sec. 1241 of 1985 Food Security Act.)	All existing contracts to remain in effect for full term; no new contracts after date of enactment, or after September 30, 2007, if date of enactment is later. (Sec. 2103) Authorizes \$1,454 million for FY2007 through FY2012, and \$1,927 million for FY2007 through FY2017 for funding for contracts signed before 10/1/07 and in effect before a new farm bill is enacted. For contracts dated after 10/1/12, \$5.1 billion is authorized from FY2012 through FY2017. (Sec. 2401)	Up to \$2,799 million between FY2008 and FY2012; \$5,678 million between FY2013 and FY2017, and caps enrollment starting in FY2018 at the total number of acres enrolled at the end of FY2017. (Sec. 2901)
Farmland Protection Program (FPP): Provides \$50 million in mandatory funding in FY2002; \$100 million in FY2003; \$125 million in FY2004 and in FY2005; \$100 million in FY2006; and \$97 million in FY2007. (Sec. 1241 of 1985 Food Security Act)	Renames program Farm and Ranchland Protection Program. Provides \$125 million in FY2008, \$150 million in FY2009, \$200 million in FY2010, \$240 million in FY2011 and \$280 million in FY2012. (Sec. 2401)	Provides \$187 million annually for FY2008 through FY2012 for a new Private Lands Protection Program, which combines the Farmland Protection, Grasslands Reserve, and Healthy Forest Reserve Programs. (Sec. 2901)

Program and Provisions in Current Law (FY2002 - FY2007, unless otherwise noted)	H.R. 2419, the House-Passed Farm Bill (Programs authorized through FY2012, unless otherwise noted)	Administration Proposal (Programs authorized through FY2012)
Grasslands Reserve Program: Enroll 2 million acres in total. (Sec. 1238N of 1985 Food Security Program); up to a total of \$254 million in mandatory funding through FY2007. (Sec. 1241 of 1985 Food Security Act)	Enroll an additional 1.34 million acres (eliminates mandatory funding cap). Up to 10% of the land enrolled each year can be land that is enrolled in the CRP if it meets certain requirements. (Sec. 2104)	Combine with Farmland Protection and Healthy Forest Reserve programs; see Farmland Protection Program, above.
Environmental Quality Incentives Program (EQIP): Provides mandatory funding of \$400 million in FY2002; \$700 million in FY2003; \$1,000 million in FY2004; \$1,200 million in FY2005 and FY2006; \$1,270 million in FY2007-09; and \$1,300 million in FY2010. (Sec. 1241 of 1985 Food Security Act)	Provides \$1,250 million in FY2008, \$1,600 million in FY2009, \$1,700 million in FY2010, \$1,800 million in FY2011, and \$2,000 million in FY2012. (Sec. 2401) Of the total each year, at least 5% is reserved for beginning farms and at least 5% is reserved for socially-disadvantaged and limited resource farmers. (Sec. 2105)	Provides \$1,765 million in FY2008 and FY2009; \$1,795 million annually in FY2010-12. Adds the Agricultural Management Assistance Program, the Forest Land Enhancement Program and the Wildlife Habitat Incentives Program to EQIP. (Sec. 2901)
EQIP — Conservation Innovation Grants: Funded using an unspecified portion of EQIP funding. (Sec. 1240H of 1985 Food Security Act) (In FY2006, almost \$26 million was provided.)	Provides, from funds made available for EQIP, \$30 million in FY2008, \$35 million in FY2009, \$50 million in FY2010, \$60 million in FY2011, and \$75 million. Requires funds be allocated as follows: \$5 million annually for organic and specialty crop producers; \$5 million annually for a new comprehensive conservation pilot planning program; \$10 million annually for competitive grants for innovative approaches to conservation that provide environmental and resource conservation benefits; and the remainder for air quality improvements to help producers meet regulatory requirements. (Sec. 2105)	Provides \$100 million annually from FY2008 through FY2012 from amount authorized for EQIP. (Sec. 2601)
EQIP — Ground and Surface Water Conservation Program: Mandatory funding of \$25 million in FY2002; \$45 million in FY2003; and \$60 million in FY2004 through FY2007. Funding is in addition to funding authorized for EQIP. (Sec. 1240I of 1985 Food Security Act)	No provision. It would be replaced by a new Regional Water Enhancement Program in Sec. 2106; see below in new programs.	No provision; program replaced with new Regional Water Enhancement Program, discussed below in the new programs section.
EQIP — Klamath Basin: \$50 million in mandatory funding, to be made available as soon as practicable. Funding is in addition to funding authorized for EQIP. (Sec. 1240I of 1985 Food Security Act)	Makes the Klamath Basin 1 of the 5 identified water quality and water quantity priority areas in the Regional Water Enhancement Program. The 5 priority areas may receive up to 50% of the amount made available for this program. (Sec. 2106)	Permits EQIP funds, at unspecified levels, to be used for water conservation activities in the Klamath Basin. (Sec. 2601)

Program and Provisions in Current Law (FY2002 - FY2007, unless otherwise noted)	H.R. 2419, the House-Passed Farm Bill (Programs authorized through FY2012, unless otherwise noted)	Administration Proposal (Programs authorized through FY2012)
Wildlife Habitat Incentives Program (WHIP): Provides mandatory funding of \$15 million in FY2002; \$30 million in FY2003; \$60 million in FY2004; and \$85 million in FY2005-07. (Sec. 1241 of 1985 Food Security Act)	Extends \$85 million annual funding level through FY2012. (Sec. 2401)	Consolidates program with EQIP; see EQIP, above.
Regional Equity: Ensures that a total of at least \$12 million is provided annually to every state for a combination of CRP, WRP, and CSP. (Sec. 1241 of 1985 Food Security Act)	Ensures that a total of at least \$15 million is provided annually from FY2008 through FY2012. (Sec. 2404)	Provision would be eliminated.
Agricultural Management Assistance: Provides mandatory funding of \$20 million annually in FY2003 through FY2007, and \$10 million annually thereafter. (Sec. 524 of the Federal Crop Insurance Act)	Does not amend overall funding level; allocates 50% of funding to NRCS for conservation, 40% to the Risk Management Agency, and 10% to the Agricultural Marketing Service. (Sec. 2201)	Consolidates program with EQIP; see EQIP, above.
Healthy Forest Reserve Program: Authorizes \$25 million in discretionary funding in FY2004 and such sums as necessary in FY2005 through FY2008. (Title V of the Healthy Forests Restoration Act of 2003)	No provision in conservation title. (Forestry title provision provides \$10 million annually for FY2008 through FY2012, with funds to be available until expended (Sec. 8101))	Combines with Farmland Protection and Grasslands Reserve programs; see Farmland Protection Program, above.
Conservation Corridor Demonstration Program: Authorizes such sums as are necessary in discretionary funding annually from FY2002 through FY2007. (Sec. 2601 of the Farm Security and Rural Investment Act of 2002)	No provision.	No provision.
Small Watershed Rehabilitation Program: Provides mandatory funding of \$45 million in FY2003, \$50 million in FY2004, \$55 million in FY2005, \$60 million in FY2006, \$65 million in FY2007, and \$0 in FY2008; and authorizes to be appropriated discretionary funding of \$45 million in FY2003, \$55 million in FY2004, \$65 million in FY2005, \$75 million in FY2006, and \$85 million in FY2007. (Sec. 14 of the Watershed Prevention and Flood Protection Act)	Provides mandatory funding of \$50 million annually from FY2009 through FY2012, and authorizes discretionary funding of \$85 million annually from FY2007 through FY2012. (Sec. 2203)	No provision.

Program and Provisions in Current Law (FY2002 - FY2007, unless otherwise noted)	H.R. 2419, the House-Passed Farm Bill (Programs authorized through FY2012, unless otherwise noted)	Administration Proposal (Programs authorized through FY2012)
Conservation of Private Grazing Lands: Authorizes appropriations of \$60 million annually between FY2002 and FY2007. (Sec. 1240M of the 1985 Food Security Act)	Extends authorization through FY2012 at \$60 million per year. (Sec. 2108)	No provision.
Great Lakes Basin Program for Soil Erosion and Sediment Control: Authorizes appropriations of \$5 million annually between FY2002 and FY2007. (Sec. 1240P of the 1985 Food Security Act)	Extends authorization through FY2012 at \$5 million per year. (Sec. 2109)	No provision.
Grassroots Source Water Protection Program: Authorizes appropriations of \$5 million annually between FY2002 and FY2007. (Sec. 1240O of the 1985 Food Security Act)	Provides \$20 million annually through FY2012, and a one-time “infusion” of \$10 million. (Sec. 2107)	No provision.
Proposed New Programs		
No provision.	Market-Based Approaches to Conservation: Authorizes a total of \$50 million to be appropriated, with no years specified, and appropriated amounts to remain available until expended. (Sec. 2407)	Provides \$10 million a year in mandatory funding from FY2008 through FY2012. (Sec. 2901)
See EQIP: Ground and Surface Water Conservation Program, above.	EQIP: Regional Water Enhancement Program: Provides \$60 million annually. Provides up to 50% of funds to 5 identified priority areas and limits administrative expenses to 3% of funds made available. (Replaces Ground and Surface Water Conservation Program) (Sec. 2106)	Provides \$175 million annually from FY2008 through FY2012 from amount authorized for EQIP. (Sec. 2601)
No provision.	Cooperative Conservation Partnership Initiative: Annually from FY2008 through FY2012, 10% of the funding for each of 3 specified conservation programs (CSP, EQIP, and WHIP) is to be set aside to fund this program, with any funds unallocated as of April 1 of a fiscal year to be used to carry out other program activities. (Sec. 2403)	No provision.

Program and Provisions in Current Law (FY2002 - FY2007, unless otherwise noted)	H.R. 2419, the House-Passed Farm Bill (Programs authorized through FY2012, unless otherwise noted)	Administration Proposal (Programs authorized through FY2012)
No provision.	Chesapeake Bay Program for Nutrient Reduction and Sediment Control: Authorizes \$10 million in FY2008, \$15 million in FY2009, \$30 million in FY2010, \$40 million in FY2011, and \$55 million in FY2012, with the federal share of any single project to be less than \$5 million. (Sec. 2301)	No provision.
No provision.	Voluntary Public Access and Habitat Incentive Program: Authorizes \$20 million to be annually appropriated from FY2008 through FY2012. (Sec. 2302)	No provision.
No provision.	Farmland Resource Information: Funded using at least \$400,000 annually, but not more than 0.5% of the funds provided to the Farm and Ranchland Protection Program annually. Sec. 2503)	No provision.
No provision.	Muck Soil Conservation: Authorize \$50 million in appropriations annually from FY2008 through FY2012. (Sec. 2303)	No provision.
No provision.	Pilot Peanut Program for Four-Year Crop Rotation. Authorizes up to \$10 million per year for FY2008 through FY2012. (Sec. 2504)	No provision.
No provision.	No provision.	Emergency Programs : Creates an Emergency Landscape Restoration Program by combining Emergency Watershed Program and Emergency Conservation Program; authorizes appropriations of “such sums as are necessary” from FY2008 through FY2012. (Sec. 2801)

Table 2. Comparison of FY2007 Funding Level under Current Law with FY2008 and FY2012 Funding Levels under H.R. 2419

Program^a	FY2007 authorized spending/ FY2007 actual spending in P.L. 107-171	House-passed bill (H.R. 2419): FY2008 spending/FY2012 spending
Conservation Reserve Program	Up to 39.2 million acres at any time (No dollar amount specified)/\$2,187 million	Up to 39.2 million acres at any time/Up to 39.2 million acres (No dollar amount specified annually or overall)
Wetlands Reserve Program	250,000 acres per year (No dollar amount specified)/\$250 million to enroll 150,000 acres	250,000 acres per year/250,000 acres per year (No dollar amount specified annually or overall)
Farmland (Farm and Ranchland) Protection Program	\$97 million/\$74 million	\$150 million/\$280 million
Agricultural Management Assistance	\$14 million/\$0	\$5 million/\$5 million
Grasslands Reserve Program	\$0/\$0 (entire 2002 farm bill allocation of \$254 million had been spent to enroll just over 1 million acres before FY2007)	Enroll an additional 1.34 million acres in total (No dollar amount specified annually or overall)
Environmental Quality Incentives Program	\$1,270 million/\$1,017 million	\$1,250 million/\$2,000 million
Ground and Surface Water/Regional Water Quality Enhancement Program	\$60 million/\$51 million	\$60 million/\$60 million
Wildlife Habitat Incentives Program	\$85 million/\$43 million	\$85 million/\$85 million
Watershed Rehabilitation Program	\$65 million in mandatory funding and \$85 million in discretionary funding /\$0 in mandatory funding and \$32 million in discretionary funding.	\$85 million discretionary and \$0 mandatory/\$85 million discretionary and \$50 million mandatory funding

a. The Conservation Security Program (CSP) is not included in the table because the authorized funding levels in current law and in H.R. 2419 are for multi-year periods. The Natural Resource Conservation Service estimates that CSP spending in FY2007 will total \$374 million.