



Minnesota's Farm Bill Conservation Priorities

Final Report
January 4, 2018

Authors:

Meleah Houseknecht, Director, Environmental Policy, Environmental Initiative
Greg Bohrer, Senior Manager, Agriculture and Environment, Environmental Initiative
Erin Niehoff, Project Associate, Environmental Initiative



Project paid for by the Minnesota Board of Water and Soil Resources as required and empowered by Laws of Minnesota 2016, Chapter 189, Article 3, Section 4 and empowered through Minn. Stat. §§15.061, 103B.101



Table of Contents

Table of Contents 2

Project Background & Process..... 3

Key Opportunities Identified to Leverage Farm Bill Programs for the Goals of the Working Lands Watershed Restoration Program 4

Conservation and the Farm Bill 6

Relevant Farm Bill Programs, Levers, and Positions..... 7

 Agricultural Conservation Easement Program (ACEP) 7

 Biomass Crop Assistance Program (BCAP)..... 8

 Conservation Reserve Enhancement Program (CREP) 9

 Conservation Reserve Program (CRP) 10

 Conservation Stewardship Program (CSP)..... 13

 Environmental Quality Incentives Program (EQIP)..... 14

 Regional Conservation Partnership Program (RCPP) 16

 Crop Insurance 17

Other Programs 19

 Conservation Technical Assistance Program (CTA)..... 19

 Regional Pollinator and Water Quality Initiatives..... 20

 Other Conservation Policy and Funding Comments 20

Summary of Federal Programs, Uses, and Levers Relevant to Continuous Living Cover on Working Lands 22

Frequently Used Acronyms and Terms 26

Website Sources..... 27

Appendix A: Meeting Summary—Conservation Reserve Program for Working Lands 31

Appendix B: Meeting Summary—Making BCAP Work for Minnesota Agricultural Landscapes 35

Appendix C: Meeting Summary—Barriers and Opportunities Posed by Crop Insurance for Establishing Living Cover 37



Project Background & Process

Most federal agricultural conservation funding and technical assistance resources are provided by the federal government and authorized, most recently, by the Agricultural Act of 2014, commonly referred to as the “Farm Bill,” which expires at the end of 2018. Congress will likely attempt to pass a new Farm Bill prior to the 2018 mid-term elections, with Minnesota’s Congressional delegation playing a strong role in setting these policies.

As directed by the Minnesota Legislature, the Minnesota Board of Water and Soil Resources (BWSR) is currently preparing a feasibility study and plan for a Working Lands Watershed Restoration Program—a program to provide incentives for landowners to plant perennial and cover crops that will improve water quality. As part of that plan, BWSR is required to produce “an assessment of the opportunity to leverage federal funds ... and [make] recommendations on how to maximize the use of federal funds for assistance to establish perennial crops.”

Recognizing that there may be important opportunities to not only leverage existing programs, but also advocate for changes to the Farm Bill that support the establishment of continuous living cover, BWSR contracted with Environmental Initiative to compile information on:

- Existing Farm Bill programs that relate to working lands and perennial cropping systems, including conservation title programs and other policies that impact farm decision making.
- Existing Farm Bill programs’ ability to be leveraged to support a working lands program in Minnesota, including the barriers in the existing federal Farm Bill that discourage establishment of perennials and other living cover crops.
- Potential changes to existing Farm Bill programs that would increase their ability to support a Minnesota working lands program.

The information contained in this report and gathered through Environmental Initiative’s process is intended to help identify shared Farm Bill conservation priorities across a range of Minnesota stakeholder interests and to inform the Administration and Legislature on high-potential opportunities to support working lands and water quality through the federal Farm Bill.

This information was primarily gathered through conversations with agricultural stakeholders, non-profits working on agriculture and conservation, academic experts in agricultural policy and economics, and state agencies. Ideas and information were initially gathered through one-on-one conversations with roughly 20 stakeholders from a variety of sectors, and relevant public policy positions held by organizations that the Environmental Initiative team spoke or corresponded with are included in this report. Based on these initial conversations, the project team also selected three specific areas of particular interest and perceived opportunity to further explore through cross-sector facilitated discussions. These topics included:

- Working lands provisions or categories within the Conservation Reserve Program
- Utilization of the Biomass Crop Assistance Program in Minnesota



- Addressing barriers to crop diversification and cover crop adoption posed by crop insurance rules

Documentation of the key ideas, themes, and possible next steps to advance broadly-supported positions are detailed below.

Key Opportunities Identified to Leverage Farm Bill Programs for the Goals of the Working Lands Watershed Restoration Program

Through conversations with stakeholders, Environmental Initiative and Minnesota Board of Water and Soil Resources staff identified several opportunities to utilize federal Farm Bill programs in new and innovative ways to support Minnesota's efforts to improve water quality through an increase in continuous living cover on Minnesota's agricultural landscapes. The ideas that emerged from these conversations represent the ripest and most specific opportunities that speak to broad interests across agricultural and conservation organizations, rather than a comprehensive set of options.

Using Crop Insurance to Provide Incentives for and Gather Data on Conservation Practices

The Iowa Cover Crop – Crop Insurance Demonstration Project provides an appealing model that could be explored and adapted for use in Minnesota. Undertaken through a memorandum of understanding between the Iowa Department of Agriculture and Land Stewardship (IDALS), the United States Department of Agriculture's Risk Management Agency (RMA) and approved insurance providers in the State of Iowa, the program will deliver subsidies through the federal crop insurance program for planting cover crops. Participating farmers will receive a \$5.00 discount on their crop insurance premiums for acres on which they establish cover crops, excluding those acres where cover crop establishment is supported by other federal or state programs. The benefits of this program include:

- Introducing cover crops to a wider community of farmers in Iowa, including those who were unable to receive federal cost share for cover crop practices on some or all of their land.
- More efficient delivery of state-funded incentives using existing crop insurance program infrastructure.
- The ability to collect data on the relationship between cover crops, yield risk, and overall field resilience.

A Minnesota version of this program could:

- Incentivize a wider range of conservation practices (e.g. perennial crops, cover crops, conservation tillage, etc.) intended to improve water quality, soil health, or both.
- Gather data that can be used to evaluate how a variety of conservation practices affect crop resilience.



- Make aggregated data available to crop insurance providers (or others in the private sector) that could be used to devise new insurance policy products or risk pools that recognize the benefits of conservation practices in making farms less susceptible to crop failures.
- Target priority areas of the Minnesota agricultural landscape.

Improving Opportunities and Incentives for Working Lands in CRP Contracts

Allowing greater flexibility in the use of Conservation Reserve Program (CRP) land—specifically increased ability to harvest or graze lands under CRP contract—in exchange for reduced payments has a number of potential benefits, including:

- Attracting new (particularly full-time conventional) farmers to participate in CRP
- Incentivizing forage and livestock production, which can increase farm diversification and value-added production
- Reducing mid-contract exits by farmers in high commodity price years (increase the stability of the program)
- Reducing the per-acre cost of CRP, allowing for an increase in the total number of acres enrolled without increasing total program costs

The groups and individuals consulted through this project had a number of ideas for how CRP could be modified to allow for greater flexibility in uses of CRP land. Specific options that were discussed for how working lands could be better incorporated into CRP included:

- Changes to allowed land uses, for example:
 - Allowing harvesting and grazing as a designated use within an existing conservation practice (“CP”)
 - Creating a CRP conservation practice specific to harvesting and grazing
 - Creating a new CRP category (like CRP Grasslands but with a higher payment) with particular rules that allow for farmers to use the land for economic gain while maintaining identified environmental benefits
- Changes to contract terms, for example:
 - Inclusion of a grazing or harvesting plan compliant with NRCS conservation plans in order to preserve important environmental co-benefits
 - Allowing shorter contract extensions
 - Allowing mid-contract modifications
 - Allowing for a wide number of markets and uses by not specifying the end use for harvested vegetation
- Changes to payment rates, for example:
 - Reducing payments to recognize the value of harvesting or grazing the land (e.g., Subtracting established haying/grazing rental rates for the county from the full expected CRP payment)
 - Establishing a tiered payment structure based on allowed land uses
 - Reducing penalties for harvesting or grazing outside of emergency management waivers



- Matching/supplementing CRP Grasslands payments with state payments to help incentivize adoption of CRP Grasslands in Minnesota

Most of these ideas could also be tested in high-priority areas by setting up pilot areas, rather than seeking to change national program rules.

Conservation and the Farm Bill

While the Farm Bill is primarily focused on the farm safety net and nutrition programs, not conservation, it authorizes funding for many key programs that help to protect and improve natural resources, especially soil and water. There are four main types of programs under the Conservation Title (Title II) of the Farm Bill:

- Working lands programs, which allow land to remain in production (grazing and crop) while addressing local natural resource concerns through cost-share and financial assistance
 - Includes the Environmental Quality Incentives Program (EQIP) and Conservation Stewardship Program (CSP)
- Land retirement programs, which provide payments for temporary changes in land use or management that result in environmental benefits
 - Includes the Conservation Reserve Program (CRP) and Conservation Reserve Enhancement Program (CREP)
- Easement programs, which impose long-term or permanent voluntary restrictions on land use for payment
 - Includes the Agricultural Conservation Easement Program (ACEP)
- Partnership programs, which offer opportunities to target funds to address the resource concerns of a specific area
 - Includes the Regional Conservation Partnership Program (RCPP)

Over time, changes in commodity prices, land rental rates, and new conservation technologies have led to a shift in Farm Bill conservation policy, with an increasing focus on working lands programs. Specifically, in the 2014 Farm Bill, the percentage of program funding for land retirement programs declined relative to working lands programs. If commodity prices remain low, the 2018 Farm Bill could see further shifts in this funding.

The 2014 Farm Bill consolidated conservation programs for flexibility, accountability, and adaptability and links basic conservation practices to crop insurance premium subsidies—commonly referred to as “conservation compliance.” At the same time, the Conservation Title took a 10 percent cut in funding.

There are other components of the Farm Bill, as well as additional federal programs, that impact water quality and the implementation of cover crops and perennials on the landscape. Some of the most important components include the Biomass Crop Assistance Program (BCAP), crop



insurance, regional initiatives that use federal funding, and the Conservation Technical Assistance Program (CTA).

Relevant Farm Bill Programs, Levers, and Positions

Agricultural Conservation Easement Program (ACEP)

Background

The Agricultural Conservation Easement Program (ACEP), administered by The Natural Resources Conservation Service (NRCS), combines the Wetlands Reserve Program, Grassland Reserve Program, and Farm and Ranch Lands Protection Program. ACEP is divided into two tracks: a wetland easement component and an agricultural land easement component. The land must be in current use as cropland, rangeland, grassland, or pastureland, or have been a wetland. It is used to protect productive or unique soil, historical or archeological resources, grazing, or to further a local policy.

Long-term easement agreements support the voluntary restoration, protection, and enhancement of wetlands and forests, while protecting agricultural lands from subdivision and development. NRCS prioritizes agricultural applications that protect agricultural uses and related conservation values of the land and those that maximize the protection of contiguous acres. NRCS prioritizes wetland applications based on the ability to protect and enhance habitat for migratory birds and other wildlife. On wetland easements, planting and harvesting crops for human or domestic animal consumption and grazing are prohibited. These uses are allowed on agricultural lands enrolled in ACEP.

On the agricultural land easement components, federal easement shares cannot exceed 50 percent of the fair market value or, on a grassland of special environmental significance, 75 percent of the fair market value. On the wetlands easement component, there are several enrollment options, including permanent easements (with 100 percent easement value and 75 to 100 percent restoration cost), 30-year, and term (both with 50 to 75 percent easement value and restoration cost).

Funding ranges from \$250 million to \$500 million annually. In fiscal year 2016, only 14 to 16 percent of applications in were funded nationally. In Minnesota, \$3.42 million was spent that year on 16 contracts covering 119 acres.

Policy Positions

Ducks Unlimited:

- Restore funding levels for ACEP to at least \$500 million per year.



Levers

There is a possibility that including some state cost-share funding could entice more Minnesota farmers to enroll in ACEP. Developing a program that targets similar areas and priorities as ACEP could also be considered, as there is more demand than available funding.

Biomass Crop Assistance Program (BCAP)

Background

The Biomass Crop Assistance Program (BCAP), administered by FSA, was originally authorized in the 2008 Farm Bill to support the establishment of crops for conversion to bioenergy and provide incentives for the supply of material for use in biomass conversion facilities. Eligible biomass includes crops such as mixed prairie grass, switchgrass, miscanthus, and camelina, along with agricultural or crop residues, such as those after the harvest of conventional crops, or woody agriculture residues that are removed directly from land. Eligible crops do *not* include invasive or noxious species or conventional crops that can receive payments under Title I, such as barley, corn, grain, oats, wheat, oilseeds, and so on.

By paying producers of biomass energy resources, BCAP attempts to reduce costs and share the risks of transitioning to new and expanded sources of sustainable biomass energy. Its goal is to spur the production of next-generation bioenergy and biofuels crops—some of which are perennials and cover crops.

BCAP contracts for annual and establishment payments vary in length from five years for non-woody perennial crops to 15 years for woody perennial crops. All agricultural contracts are required to have an active conservation plan. BCAP can cover up to 50 percent of the cost of establishing a new, perennial energy crop or biomass crop. Matching payments at biomass conversion facilities must be between ten to 50 percent of program funding.

Nationally, BCAP has mandatory funding of \$25 million per year between 2014 and 2018. Crop producers and bioenergy facilities can team together to submit proposals to USDA for selection as a BCAP project area. There are no project areas in Minnesota and no new project areas are expected to be created in 2018 (nationally) due to funding constraints. There are three facilities in northern Minnesota that are eligible to accept National Forest System residues.

Policy Positions

- Minnesota Farmers Union:
 - Encourages market development for cellulosic products from perennial systems
 - Supports enterprise research to evaluate and develop new plant material selections along with associated production, harvesting and processing technologies to discover and develop new uses for products of perennial systems
- National Association of Wheat Growers:
 - Priorities primarily relate to incentivizing wheat straw as a biomass crop



- Encourages development of biomass dedicated energy crops with funding that does not come from existing farm program payments
- American Soybean Association:
 - Endorses the goal of securing 25% of the U.S. energy supply from America's farms, forests and rangeland by the Year 2025
 - Supports specific funding for other bio-based programs of the Energy Title

Levers

According to a study conducted by Ruiqing Miao and Madhu Khanna with the Department of Agricultural and Consumer Economics at University of Illinois, BCAP is unlikely to be successful without addressing three key issues. These include:

- An increased budget;
- A higher subsidy rate for establishment costs; and
- Less percentage of funds allocated to the matching payments.

The impact of the program would increase if an efficient selection mechanism for enrolling land in the program was clearly specified.¹

Conservation Reserve Enhancement Program (CREP)

Background

The Conservation Reserve Enhancement Program (CREP), administered by FSA, targets state-identified, high-priority conservation issues. It is a sub-program of the Conservation Reserve Program (CRP). States propose areas where environmental concerns are more concentrated and can be addressed by enrolling up to 100,000 acres per project. Federal funds are supplemented with non-federal funds for land enrolled in CREP, with the federal government contributing up to 80 percent of the cost of the CREP. Environmentally sensitive land is removed from production and resource-conserving plant species are established. Participation is voluntary and the contract period is typically ten- to 15-years.

The current Minnesota CREP was approved in 2017 with the goal of taking marginal land out of production and replacing it with natural vegetation and wetlands that protect water quality and provide increased habitat. It includes \$350 million from USDA and \$150 million from the State of Minnesota. In this new CREP, up to 60,000 acres can be enrolled across 54 counties, primarily targeting riparian and marginal agricultural land. Only land that is enrolled in the Reinvest In Minnesota (RIM) Reserve perpetual easement program is eligible, and the CRP contract is 14- to 15-years. Minnesota is the only state that uses CREP for permanent easements. Payments are based on current CRP rental rates and RIM rates that approximate 90 percent of the value of the land.

¹ Limited Impact of Biomass Crop Assistance Program (BCAP) Under Current Funding Levels [farmdoc daily (7): 155] (August 27, 2017) <http://farmdocdaily.illinois.edu/2017/08/limited-impact-biomass-crop-assistance-program.html>



Cropping and grazing is prohibited on RIM easements unless specifically approved by BWSR, through local Soil and Water Conservation Districts (SWCDs) in a landowner approved conservation plan for habitat management purposes. Within the grassland portion of a RIM easement, haying and grazing on a three-year cycle outside of nesting season are allowed as management strategies, in accordance with a management plan.

Policy Positions

- Ducks Unlimited:
 - Promotes expanded CRP working lands and CREP options

Levers

A completely new CREP could include a working lands component that expands some haying and grazing. A new CREP could also separate from the permanent easement requirements that currently exist with RIM, which may attract a different demographic of farmers. However, that may not be necessary, or possible, if there is already more interest in CREP than funding can sustain.

Conservation Reserve Program (CRP)

Background

The Conservation Reserve Program (CRP), administered by FSA, involves providing annual rental payments to producers to increase conservation practices on ecologically sensitive cropland and pastureland. It includes several different sub-programs, including Continuous, General, Grasslands, and CREP. Under general CRP sign-up, producers submit competitive bids during specified enrollment periods, and contracts are scored and awarded based on an environmental benefits index. Under continuous sign-up, environmentally sensitive agricultural land can be devoted to conservation practices and enrolled in CRP at any time. On land enrolled in the CRP Grasslands program, grazing is allowed, but for a lower payment than typical CRP payments. Producers are generally given ten- to 15-year contracts with annual rental payments and restoration cost-share assistance.

The primary purpose of CRP is to conserve and improve soil, protect water quality, and provide wildlife habitat. On general CRP, no haying, grazing, or other income-producing activities are allowed, though some emergency haying and grazing is allowed.

The national CRP acre cap was reduced from 32 million acres to 24 million acres by 2018 in the 2014 federal Farm Bill. CRP Grasslands included 2,137 acres in Minnesota, and is typically utilized by western states where range land and grazing is more prevalent. Overall, statewide CRP acres have declined from 1.83 million in 2007 to 1.06 million acres in 2016. In the last round of sign-ups, only 11 percent of landowners were accepted. Minnesota has one of the highest number of contracts, with around 55,000. In 2016, \$6.62 million was spent on 4,644 new contracts covering 35,501 acres.



Policy Positions

- Farm Bureau:
 - Supports emergency haying and grazing
- Minnesota Farmers Union:
 - Allow enrollees to manage permanent, vegetative cover to enhance wildlife habitat and ecosystem health
 - Incentivize planting shelterbelts or other conservation measures through reduced property taxes on those acres
 - Allow approved CRP conservation cover crops to be used for biomass production in areas where needed until the biomass industry evolves to a more economically viable level, with CRP payments on these acres in years where biomass is harvested
 - Increase cap along with a greater emphasis on working lands
 - Loosen emergency grazing and haying rules
 - Allow greater flexibility in contracts, such as allowing grazing or haying every other year
- National Association of Wheat Growers:
 - Supports timely emergency haying and grazing on land enrolled in CRP under federal guidelines
 - Opposes the use of any CRP rent determination that encourages the enrollment of highly productive land over that of highly erodible, marginal or environmentally sensitive lands because of price
 - Supports utilizing CRP acreage for the purpose of planting and harvesting dedicated energy crops including, but not limited to, switch grass; should still maintain the environmental benefits that CRP is designed to achieve
 - Supports the managed haying and grazing provisions of CRP to once every three years on up to 100 percent of the field
- Pheasants Forever:
 - Supports increasing the CRP acre cap
 - Implement dynamic CRP transition strategies for expiring contracts
 - Develop provisions supporting additional working lands focused on long-term and permanent natural resource protection
 - Consider incorporating opportunities for grazing, cover crops, organics, and other agriculture production systems
- The Nature Conservancy:
 - Increase the authorized CRP enrollment acreage cap up to 35 million acres
 - Expand “Working Lands” options that increase participation by producers that utilize perennial vegetation and encourage long-term retention of existing contracts (30-year working lands contracts in initiative areas) and prioritize transition to ACEP



- Minnesota Association of Soil and Water Conservation Districts (MASWCD) & National Association of Conservation Districts (NACD):
 - Supports allowing more grazing in CRP and impediments to grazing should be removed, where appropriate
 - Supports an increase in the CRP acreage cap but not at the expense of other programs (EQIP, CSP, etc.) within the conservation title
 - Encourages Congress to increase the CRP payment limit per person or legal entity from \$50,000 per year to \$100,000 per year
- Ducks Unlimited:
 - Supports haying and grazing
 - Supports a robust increase to the national CRP cap from current 24 million acres
 - Supports an increased CRP grasslands allocation and target most at-risk grasslands
 - Promotes expanded CRP working lands and CREP options

Levers

There are a few different options for modifying CRP to encourage greater adoption of perennial vegetation while offering farmers the flexibility to produce an income. These include:

- Offering tiered payments related to different land use options (for example, allowing expanded haying and grazing on general CRP, but at a lower payment/rental rate)
 - One way to do this might be to allow harvesting and grazing as a designated use within an existing conservation practice (“CP”). This could be accompanied by a small reduction in payment, *or* penalized at a lower rate than current penalties.
- Creating a CRP conservation practice specific to harvesting and grazing:
 - Payment for a “working lands” CRP could be the FSA established soil rental rate minus the NASS established haying/grazing rental rate for the county. For example: a straight CRP rate of \$250/acre minus the grazing rental rate of \$50/acre = \$200.
 - Landowners who are beginning farmers, or rent to a beginning farmer, could get the full CRP payment rate without the grazing/haying payment reduction. This could keep land in production while maintain environmental co-benefits. “Historically Underserved” individuals could also qualify for this.
 - All haying and grazing could be done under a NRCS approved conservation plan to preserve identified environmental co-benefits.
 - CRP acres could be harvested without prescribing the end use, allowing landowners to respond to whatever market opportunities exist in their region/community.
- Creating a new CRP category (like CRP Grasslands but with a higher payment) with particular rules that allow for farmers to use the land for economic gain while maintaining identified environmental benefits, such as:
 - Grazing for four weeks per year; and
 - Haying once per year.



- Allowing shorter contract extensions, which may keep more farmers enrolled in the program after their original contracts expire.

Many of these ideas would involve allowing producers to derive additional revenue from harvesting or grazing CRP lands in exchange for some reduction in payments, which could allow for an increase in total CRP acres without increasing program funding.

Most of these ideas could also be tested in high-priority areas by setting up pilot areas, rather than seeking to change national program rules.

Conservation Stewardship Program (CSP)

Background

The Conservation Stewardship Program (CSP), administered by NRCS, provides financial and technical assistance to improve and conserve ecological services such as soil, water, and plant and animal life. It provides assistance to those improving the condition of the land in a variety of different ways, including conversion of cropland to grass-based agriculture, forage and biomass plantings, wildlife and pollinator habitat, and improved grazing management. In the past, a landowner could add enhancements to their current operations and qualify for a payment. Changes to CSP in the 2014 Farm Bill require farmers to first meet NRCS standards for any given practice before they are eligible for enhancement funds.

CSP provides payments for several cover crop enhancements opportunities, including the use of legume cover crops as a nitrogen source, high residue cover crop or mixtures of high residue cover crops for weed suppression and soil health, and intensive cover cropping in annual crops. By paying producers to implement additional measures to improve ecological services, including cover crops and perennials, CSP helps to increase perennial cover on the landscape.

CSP contracts are five years in length with an option to renew. Enrollment is continuous and payments are provided for either implementing new conservation activities and maintaining current activities or for adopting a resource-conserving crop rotation. Compensation cannot exceed \$200,000 per farmer for all contracts entered during any five-year period.

The national annual acre cap for all new CSP contracts was reduced in the 2014 Farm Bill from nearly 13 million acres to 10 million acres. Nationally, 81 million acres were enrolled by the end of fiscal year 2016 and typically only one in three applications are accepted. Minnesota had one of the highest funding obligations among all states in fiscal year 2016: \$84.08 million for 1,019 contracts covering 815,964 acres.

Policy Positions

- Minnesota Farmers Union:
 - Concerned that the program is complicated and hard to access due to red-tape
 - Goal is to preserve the program, but include changes that make it easier to use



- Farm Bureau:
 - Supports funding for CSP with greater accessibility to farmers
- American Soybean Association:
 - Support full funding and implementation of CSP
 - Reward producers for good stewardship and conservation practices and do not limit payments by size of operations
 - Consideration should be given to practical conservation farming practices based on soil type and climate conditions
- Land Stewardship Project:
 - Value “existing” and “new” conservation practices equally
 - Increase incentives and support for crop and livestock systems that build soil health

Levers

Developing a state program similar to CSP, as there is more demand than available funding, may allow more farmers to try various conservation techniques that improve water quality. This could make farmers more willing to continue implementing these practices in the future without incentives.

Environmental Quality Incentives Program (EQIP)

Background

The Environmental Quality Incentives Program (EQIP), administered by NRCS, provides cost share assistance for agricultural best management practices. Before providing funds, NRCS works one-on-one with producers to develop a conservation plan that meets the producer’s goals and vision for the land while following NRCS conservation practice standards.

EQIP is useful for producers who want to have a grazing plan or plant grass and manage it according to a plan. EQIP funds for cover crops can be used by first time producers or on land where cover crops have not been previously planted. There are six eligible cover crop categories for Minnesota farmers, including small grain, brassica, or legume; organic cover crop; and multi-species soil health. Perennials are often planted in conjunction with wildlife habitat and grazing conservation practices.

Payment rates for conservation practices are reviewed and set each fiscal year. EQIP provides financial and technical assistance through contracts of up to ten years, with an aggregate payment limit of \$450,000 per farmer over fiscal year 2014 to fiscal year 2018. Financial assistance payments are made on completed practices, with cost-share requirements, with payment rates varying by state. Some EQIP funds are also designated for use within other federal programs and initiatives, including the nationwide Conservation Innovation Grant (CIG) program, which allocates money to projects (which can cover portions or all of multiple states) through a competitive process.



Annually, funding ranges from \$1.35 to \$1.75 billion. At least five percent of EQIP funds need to be spent on projects that improve wildlife habitat and 60 percent of funds should be spent on practices related to livestock production. In Minnesota, \$29.4 million was spent in 2016 on 7,800 contracts covering 204,794 acres, with somewhat fragmented use geographically. Minnesota NRCS manages how these funds are spent and currently does not have a CIG at the state level. At the state level, NRCS is able to designate part of the state's total allocation of EQIP funds to a particular state initiative by creating a state CIG program. Targeted EQIP financial assistance is available through a number of regional initiatives, several of which are in or include Minnesota:

- Driftless Area Initiative
- Great Lakes Restoration Initiative
- Mississippi River Basin Healthy Watersheds Initiative
- National Water Quality Initiative
- Red River Basin Initiative
- Honey bee conservation efforts
- On-Farm Energy Initiative
- Organic Initiative
- High Tunnel System Initiative

Policy Positions

- Minnesota Farmers Union:
 - Supports expanded EQIP funding with an emphasis on working lands projects
- Sustainable Farming Association:
 - Supports the inclusion of a forage expert on the NRCS State Technical Committees to make forage more of an EQIP funding priority
 - Allow for land rotation in the midst of EQIP contracts; a mix of perennial and annual rotations can be very beneficial
- Farm Bureau:
 - Supports improvements in the way the State Technical Committees operate by encouraging more direct participation and input from producers
 - Maintain the current prioritization of livestock producers
 - Emphasizes working lands programs over land retirement
- Pheasants Forever:
 - Expand funding for EQIP and increase to 10% funds used for wildlife conservation practices
 - Strongly supports the successful Working Lands for Wildlife Program
- National Association of Conservation Districts:
 - EQIP baseline funding should be increased, or at the very least maintained
- The Nature Conservancy:
 - Increase EQIP funding availability for grazing operations that utilize perennial vegetation by implementing projects that benefits species of greatest conservation need



Levers

The State of Minnesota could work with the state NRCS office to create a Minnesota CIG that would set aside funds for the implementation of perennials and cover crops, thus prioritizing funds for those practices. In addition, a state CIG could be used to target funds geographically in order to increase the impact and ecological benefits of projects, including improved habitat and water quality.

Regional Conservation Partnership Program (RCPP)

Background

The Regional Conservation Partnership Program, administered by NRCS, supports partnerships dedicated to implementing innovative conservation projects across an agricultural landscape. The partners develop project applications, as described in the annual RCPP Application for Program Funding, to address specific natural resource objectives in a proposed area or region. Partnering organizations design, promote, implement and evaluate the project outcomes. Projects created through this program focus on wildlife habitat, water quality, water quantity, climate change, and more. RCPP provides financial and technical assistance for multi-state or watershed-scale projects.

Much of the funding for these projects come from other Farm Bill programs, in addition to using funds from state and local partners. This makes the program unique, as states can apply to target other program funding (such as EQIP, CSP, or ACEP funds) to priority areas.

Agreements are for five years, with possible one-year extensions. Project partners must also provide a significant portion of the overall cost of the project. Funding is divided by type of project into three funding pools: critical conservation area (CCA) projects receive 35 percent, national projects receive 40 percent, and state projects receive 25 percent of national funding. RCPP also leverages funding from EQIP, CSP and ACEP, among others.

RCPP is funded at approximately \$100 million per year, plus seven percent of funding from EQIP, CSP, and ACEP, with approximately \$1.2 billion in total funding over five years. Overall, RCPP has provided \$39.4 million to projects within Minnesota, engaging 93 partners. In Minnesota, \$7.13 million was spent in 2016 on 53 contracts covering 2,343 acres. There are seven RCPP projects in Minnesota:

- CCA projects:
 - Lower Mississippi River Feedlot Management in MN
 - Red River Basin of the North Flood Prevention Plan
- National projects:
 - Driftless Area - Habitat for the Wild and Rare
 - Improving Working Lands for Monarch Butterflies
 - ABC: Improving Forest Health for Wildlife Resources in MN, WI, MI
 - Minnesota Agricultural Water Quality Certification Program National Demonstration Project



- State project:
 - Camp Ripley Sentinel Landscape

Policy Positions

- MASWCD/NACD:
 - Supports language encouraging local engagement of conservation districts by project sponsors
 - Supports increased funding for RCPP from donor programs only if a similar increase occurs in the underlying program
- Ducks Unlimited:
 - Supports mandatory RCPP funding of at least \$100M/year and increased allocations of other funds

Levers

The State and local partners could use RCPP for a new project that focuses specifically on increasing continuous living cover.

Crop Insurance

Background

Crop insurance, authorized under the Federal Crop Insurance Act of 1980 with additional provisions under Title XI of the 2014 Farm Bill, is administered by the Risk Management Agency (RMA). Crop insurance provides risk management options for farmers and ranchers and farm safety net options for organic producers and specialty crop producers. The Federal Crop Insurance Act of 1980 expanded the Federal Crop Insurance Corporation, which is managed by a Board of Directors, subject to the supervision of the Secretary of Agriculture. This Board approves any new policy, plan of insurance, or major modification to an existing plan or other materials. The 2014 Farm Bill included language that withholds crop insurance premium subsidies for noncompliance with conservation provisions. The 2014 Farm Bill also expanded crop insurance and Noninsured Crop Assistance Program (NAP) coverage for non-Title I commodity crops in an effort to broaden the range of commodities eligible for federal support, though current policy does not include direct price or income support for non-Title I commodity crops.

Crop insurance premium subsidies in 2012 were roughly \$6.7 billion, or about 60 percent as large as commodity, conservation, and disaster assistance payments combined. On average, the federal government pays roughly 60 percent of crop insurance premiums, and about 89 percent of acreage for all major commodity crops nationally is now covered by crop insurance. In Minnesota, over 90 percent of principle cropland is insured.

Crop insurance can be a major barrier to the innovative use of cover crops and perennial crop production. Much of Minnesota agricultural land is in conventional row crop production of corn and soybeans. Accordingly, the vast majority of producers in Minnesota utilize Actual



Production History (APH) crop insurance, which insures a farmer's crop based on the farmer's historical yield. This is a barrier to trying new perennial crops, as there is often not enough yield or market history to allow an insurance product to be issued. In addition, the use of cover crops requires termination following prescribed NRCS management practices. If the producer intends to harvest the cover crop for something other than grazing, that crop is considered to be a second cash crop, rather than a conservation practice, and may invalidate a producer's insurance for the primary crop or require changes to the producer's policy (the assumption is that in a double cropping or relay cropping model the crops must compete for water or nutrient resources).

Policy Positions

- Minnesota Farmers Union:
 - Increase insurability of double crop systems
 - Cover forage and grazing crops, particularly alfalfa, with the same level of policy as commodity crops under the insurance title
- Sustainable Farming Association:
 - Generally supportive of better crop insurance for forage and hay
- Farm Bureau:
 - Supports keeping whole farm revenue protection (WFRP) program as a pilot program, rather than having it reauthorized as a permanent program
 - Treat double cropping better to allow for cover crops
- American Soybean Association:
 - Supports renewing ARC-IC (individual farm coverage) and making it a more viable option for producers
 - Supports increased subsidies to ensure that all producers can obtain affordable coverage for 85% of their crop based on actual historical yield and responsive to multiyear disasters
 - Recommends that a comprehensive and fair policy for double crop soybeans be established by RMA
 - Supports a crop insurance premium discount for insured acres through the RMA for recognized crop rotations that decrease pest incidence and fix nitrogen while increasing yield and profitability
 - Supports RMA policies that allow producers flexibility to destroy cover and still insure spring planted crops
- Land Stewardship Project:
 - Enable farmer innovators using NRCS approved cover crop practices to access crop insurance without risk of losing coverage
 - Improve, simplify, and promote the Whole Farm Revenue Protection (WFRP) program; provide fair compensation for crop insurance agents to sell this policy and remove existing disincentives
 - Reward, through increased premium subsidies, diverse crop rotations of three or more crops that include a resource conservation crop, as well as adoption or continuance of approved conservation practices that conserve soil, protect water quality and improve soil health



- MNASWCD/NACD:
 - Extend the deadline for haying, grazing, and harvesting cover crops when warranted due to adverse crop conditions (and still insure the spring crop)
 - Require that cover crops be planted following NRCS field office technical guide on all Prevented Planting acres whenever it is physically possible
 - Direct USDA to be proactive in its messaging that conservation practices such as cover cropping are allowed. RMA should work closely with NRCS to ensure that AIPs and local crop insurance agents are fully aware of federal policy.
- The Nature Conservancy:
 - For crop insurance's prevented planting payments, require a conservation cover to be planted on the field as soon as practicable from the prevent plant claim deadline

Levers

Short term:

The State of Minnesota could develop a pilot similar to the Iowa Department of Agriculture and Land Stewardship (IDALS) Cover Crop – Crop Insurance Demonstration Project to increase cover crop adoption in Minnesota. The IDALS project provides funding through RMA as an insurance premium discount through normal crop insurance processes.

The State of Minnesota could also work with partners to establish a pilot for one or more new insurance products covering double or relay crop systems that do not yet have standard policies for Minnesota.

Long term:

Connecting risk ratings and premium subsidies to stewardship practices that protect soil health and water quality would shift the financial signal offered by crop insurance to incentivize, rather than dis-incentivize, conservation practices that can reduce yield variability and risk of crop losses. This would require the development of new insurance products and/or risk pools, as well as possible changes to statute. To do this effectively, more research would be needed on the relationship between specific conservation practices (including cover crops), crop yield, and resiliency.

Other Programs

Conservation Technical Assistance Program (CTA)

Background

The Conservation Technical Assistance Program (CTA), administered by NRCS, provides conservation planning and implementation assistance through field staff. This assistance is provided to producers and landowners who voluntarily implement conservation systems. This NRCS program is part of the agency's discretionary budget, which needs to be approved every



year and be included in the NRCS appropriations. These funds are primarily used to create plans to assist in:

- Reducing soil loss from erosion
- Solving soil, water quality, water conservation, air quality, and agricultural waste management problems
- Reducing potential damage caused by excess water and sedimentation or drought
- Enhancing the quality of fish and wildlife habitat
- Improving the long-term sustainability of all lands, including cropland, forestland, grazing lands, coastal lands, and developed and/or developing lands
- Facilitating changes in land use as needed for natural resource protection and sustainability

CTA was funded at \$759 million in fiscal year 2017 and set to be funded at \$668 million for fiscal year 2018. In 2016, \$11.88 million was spent assisting 14,504 tracts of land covering 375,902 acres across Minnesota.

Levers

Where needed and when possible, taking steps to ensure that cover crops and perennials are included in individual producers' plans could support the state's goals for a working lands program.

Regional Pollinator and Water Quality Initiatives

Background

Initiatives, like the National Water Quality Initiative and NRCS's honey bee conservation efforts, do not have their own sources of funding, but instead rely on funding from other agriculture and conservation programs, as well as leveraging money from partners, such as states. Through these initiatives, NRCS and its partners coordinate the delivery of assistance where it can have the most impact. Many of these initiatives target funding toward living cover and perennials.

Levers

State funds could be added to payments that support pollinator habitat and water quality improvements, specifically targeting program incentives and education related to cover crops and perennials on the landscape.

Other Conservation Policy and Funding Comments

Policy Positions

- Sustainable Farming Association:
 - Would like to see more NRCS and/or Extension Service staff available and accessible to discuss solutions with producers



- Farm Bureau:
 - Concerned about level of staffing by NRCS and accessibility to producers
- Cattlemen’s Association:
 - Allow USDA low interest loans for forage crops as well as grain storage (other groups, including Minnesota Farmers Union, Minnesota Farm Bureau, Wheat Growers, etc. have expressed interest in this idea)
- American Soybean Association:
 - Urges NRCS to recognize the full value of no-tilled, strip-tilled, ridge-tilled, narrow row or solid-seeded soybeans and the use of cover crops
 - Urges USDA to provide adequate federal funding for field staff and technical assistance through the NRCS.
 - Supports using mandatory funding to pay for Technical Service Providers.
 - Supports the recommendation of the 25x25 Adaptation Initiative, including engaging in public and private research on best adaptations for crops and livestock, implementation of conservation practices designed to maintain the productivity of land, and assisting farmers in risk management to minimize potential losses
- Ducks Unlimited:
 - Promote new and innovative working lands conservation practices compatible with farming, ranching and wildlife habitat
- MASWCD/NACD:
 - Concerned about any possible NRCS – FSA merger or other decisions that could impact (lower) NRCS staffing levels
- Other comments:
 - Would be nice if federal programs shifted to meet state buffer requirements; federal program requires 30 feet while the state requires less

Summary of Federal Programs, Uses, and Levers Relevant to Continuous Living Cover on Working Lands

Program	Current Use	Levers/Opportunities
<p>Agricultural Conservation Easement Program (ACEP) protects wetland and agricultural land through permanent, 30-year, or term easements.</p>	<p>Only 14 to 16 percent of applications are funded nationally</p> <p>In Minnesota in 2016, \$3.42 million was spent on 16 contracts covering 119 acres</p>	<p>Including some state cost-share funding could entice farmers to enroll in ACEP and install permanent or long term non-harvestable perennial cover.</p> <p>Could consider developing a program that targets similar areas and priorities as ACEP, as there is more demand than available funding</p>
<p>Biomass Crop Assistance Program (BCAP) supports the establishment of non-commodity crops for conversion to bioenergy and provides incentives for the supply of material to biomass conversion facilities. Crop producers and processors can submit proposals to USDA to establish new project areas. Goal is to spur development of next-generation bioenergy and biofuels crops.</p>	<p>Funding of \$25 million per year between 2014 and 2018 nationally</p> <p>There are no project areas in Minnesota and no new project areas are expected to be created in 2018.</p>	<p>An increased budget would allow for new projects</p> <p>A higher subsidy rate for establishment costs and lower percentage of funds allocated to the matching payments have been identified as opportunities elsewhere.</p> <p>Impact of the program could increase if an efficient selection mechanism for enrolling land in the program was clearly specified.</p>
<p>Conservation Reserve Enhancement Program (CREP) targets state-identified, high-priority conservation issues, enrolling up to 100,000 acres per project. Minnesota is the only state that requires permanent easement (through the Reinvest In Minnesota program.) Acres are removed from production and cropping and grazing are prohibited unless specifically approved by BWSR for habitat management purposes. Goal of program is to take marginal land out of production, replacing it with natural vegetation that protects water quality.</p>	<p>Funding must be matched by non-federal funds.</p> <p>New CREP was created in Minnesota to protect up to 60,000 acres, with \$350 million from USDA and \$150 million from the State</p>	<p>A completely new CREP could include a working lands component that expands some haying and grazing.</p> <p>A new CREP could also separate from the permanent easement requirements that currently exist with RIM, which may attract a different demographic of farmers.</p>

Program	Current Use	Levers/Opportunities
<p>Conservation Reserve Program (CRP) targets the implementation of conservation practices on ecologically sensitive cropland and pastureland adjacent to water by paying landowners to establish vegetative cover and maintain it for 10-15 years. Payments are determined based on soil types and rental rates for cropland.</p> <p>Primary program goals are to conserve and protect soil, protect water quality, and provide wildlife habitat. No haying, grazing, or other income-producing activities are generally allowed, though some emergency haying and grazing is possible.</p>	<p>National cap was reduced from 32 million acres to 24 million acres in fiscal year 2018</p> <p>Only 11 percent of landowner applicants were accepted</p> <p>Statewide CRP acres have declined from 1.83 million in 2007 to 1.06 million acres in 2016</p>	<p>Could support:</p> <p>Offering tiered payments related to different land use options</p> <p>Allowing harvesting and grazing as a designated use within an existing conservation practice (“CP”) in exchange for a small reduction in payment or a lower penalty</p> <p>Creating a CRP conservation practice specific to harvesting and grazing (without prescribing the end use)</p> <p>Creating a new CRP category (like CRP Grasslands but with a higher payment) and particular rules that allow for farmers to use the land for economic gain while maintaining identified environmental benefits</p> <p>Allowing shorter contract extensions, which may keep more farmers enrolled in the program after their original contracts expire.</p>
<p>Conservation Stewardship Program (CSP) provides financial and technical assistance to improve and conserve ecological services such as soil, water, and plant and animal life on working lands with payments provided for practices. CSP assistance can be used to establish cover crops, convert cropland to grass-based agriculture, improve and establish forage, establish habitat, etc. Contracts are five years in length with an option to renew.</p>	<p>Nationally, 81 million acres enrolled at the end of fiscal year 2016</p> <p>Typically, only one in three applications are accepted.</p> <p>Minnesota had one of the highest funding obligations among all states in fiscal year 2016, with \$84.08 million spent on 1,019 contracts covering 815,964 acres</p>	<p>Could consider developing a state program that is similar to CSP, as there is more demand than available funding.</p>

Program	Current Use	Levers/Opportunities
<p>Environmental Quality Incentive Program (EQIP) provides cost share assistance for agricultural best management practices, with five percent of funds dedicated to wildlife improvements and 60 percent to livestock production. EQIP assistance can be used to establish cover crops or establish and improve grazing and forage for livestock production.</p>	<p>Annual funding ranges from \$1.35 to \$1.75 billion</p> <p>In Minnesota, \$29.4 million was spent in 2016 on 7,800 contracts covering 204,794 acres</p>	<p>At the state level, the NRCS has the ability to dedicate EQIP funds to priority activities and could create a state Conservation Innovation Grant specific to the implementation of perennials and cover crops.</p>
<p>Regional Conservation Partnership Program (RCPP) supports the formation of regional partnerships to implement innovative conservation projects across an agricultural landscape. Flexible funding from multiple sources allow funds to be targeted to address specific conservation priorities within a geographic area.</p>	<p>Funded at approximately \$100 million per year, plus seven percent of funding from EQIP, CSP, and ACEP, with approximately \$1.2 billion in total funding over five years</p> <p>Has provided \$39.4 million to projects within Minnesota, engaging 93 partners</p>	<p>Could form a new project that focuses specifically on increasing continuous living cover.</p>

Program	Current Use	Levers/Opportunities
<p>Crop Insurance: provides risk management options for farmers and ranchers through federally subsidized insurance products for cash crops. Insurance policies are established between farmers and private insurance brokers.</p>	<p>Crop insurance premium subsidies in 2012 were roughly \$6.7 billion</p> <p>In Minnesota, over 90 percent of principle cropland is insured.</p>	<p>Could fund a pilot similar to the Iowa Department of Agriculture and Land Stewardship’s Cover Crop – Crop Insurance Demonstration Project by offering insurance premium discounts for cover crops or other conservation practices through normal RMA crop insurance processes.</p> <p>Could work with partners to establish a pilot for one or more new insurance products covering double or relay crop systems that do not yet have standard policies for Minnesota.</p> <p>Could support efforts that connect risk ratings and premium subsidies to stewardship practices that protect soil health and water quality</p>
<p>Conservation Technical Assistance Program (CTA): provides conservation planning and implementation assistance through field staff.</p>	<p>CTA was funded at \$759 million in fiscal year 2017 and set to be funded at \$668 million for fiscal year 2018.</p> <p>In 2016, \$11.88 million was spent on assisting 4,504 tracts of land covering 375,902 acres across Minnesota.</p>	<p>Could take steps to ensure that cover crops and perennials are included in plans (where needed and when possible)</p>
<p>Regional Pollinator Initiatives and Water Quality Initiatives: coordinate the delivery of assistance where it can have the most impact through partnerships.</p>	<p>Several initiatives cover sections of Minnesota</p>	<p>Could add state funds to payments that support pollinator habitat and water quality improvements through continuous living cover</p>



Frequently Used Acronyms and Terms

ACEP: Agricultural Conservation Easement Program

BCAP: Biomass Crop Assistance Program

CCA: Critical Conservation Area

CIG: Conservation Innovation Grants

CP: Conservation Practice

CREP: Conservation Reserve Enhancement Program

CRP: Conservation Reserve Program

CSP: Conservation Stewardship Program

CTA: Conservation Technical Assistance

EQIP: Environmental Quality Incentives Program

FSA: Farm Service Agency

MASWCD: Minnesota Associations of Soil and Water Conservation Districts

NACD: National Association of Conservation Districts

NRCS: Natural Resources Conservation Service

RCPP: Regional Conservation Partnership Program

RIM: Reinvest In Minnesota

SWCD: Soil and Water Conservation District

USDA: United States Department of Agriculture



Website Sources

2014 Farm Bill - Agricultural Conservation Easement Program – NRCS

<https://www.nrcs.usda.gov/wps/portal/nrcs/detail/national/programs/easements/acep/>

2014 Farm Bill Fact Sheet: What’s in the 2014 Farm Bill for Farm Service Agency Customers

https://www.fsa.usda.gov/Internet/FSA_File/2014_farm_bill_customers.pdf

2014 Farm Bill Field Guide to Fish and Wildlife Conservation

http://amjv.org/documents/1_Full_Report_2014_Farm_Bill_Guide_1.pdf

2014 Farm Bill Highlights

<https://www.usda.gov/sites/default/files/documents/usda-2014-farm-bill-highlights.pdf>

2016 Agricultural Statistics Annual Bulletin: Minnesota

https://www.nass.usda.gov/Statistics_by_State/Minnesota/Publications/Annual_Statistical_Bulletin/2016/MN%20Bulletin%202016.pdf

2017 ASA Policy Resolutions (March 4, 2017)

<https://soygrowers.com/wp-content/uploads/2013/01/Final-Resolution-Doc-2017.pdf>

About RCPP – NRCS

<https://www.nrcs.usda.gov/wps/portal/nrcs/detail/national/programs/farbill/rcpp/?cid=nrcseprd1308280>

Agricultural Act of 2014: Highlights and Implications—Conservation

<https://www.ers.usda.gov/agricultural-act-of-2014-highlights-and-implications/conservation/>

Agricultural Act of 2014: Highlights and Implications—Crop Commodity Programs

<https://www.ers.usda.gov/agricultural-act-of-2014-highlights-and-implications/crop-commodity-programs/>

Agricultural Act of 2014: Highlights and Implications—Crop Insurance

<https://www.ers.usda.gov/agricultural-act-of-2014-highlights-and-implications/crop-insurance/>

Agricultural Conservation: A Guide to Programs [CRS R40763] (July 13, 2017)

https://docs.wixstatic.com/ugd/ea7add_039774bf4cce44d4aac7349cb40b5394.pdf

[CRS R40763] (June 6, 2016) <http://nationalaglawcenter.org/wp-content/uploads/assets/crs/R40763.pdf>

Audubon: 2018 Farm Bill: Critical for Birds

https://www.audubon.org/sites/default/files/audubon_2018_farm_bill_platform.pdf



Biomass Crop Assistance Program (BCAP): Status and Issues [CRS R41296] (January 12, 2015)
<http://nationalaglawcenter.org/wp-content/uploads/assets/crs/R41296.pdf>

Biomass Crop Assistance Program: Promoting the cultivation of biomass for bioenergy production (October 2016)
<http://sustainableagriculture.net/publications/grassrootsguide/renewable-energy/biomass-crop-assistance-program/>

Budget of the U. S. Government: A New Foundation For American Greatness, Fiscal Year 2018
<https://www.gpo.gov/fdsys/pkg/BUDGET-2018-BUD/pdf/BUDGET-2018-BUD.pdf>

Congress Must Reject White House Budget Plan, Support Rural America (May 25, 2017)
<http://25x25blog.org/congress-must-reject-white-house-budget-plan-support-rural-america/>

Conservation – USDA
<https://www.usda.gov/topics/conservation>

Conservation Innovation Grants – Financial Assistance – NRCS
<https://www.nrcs.usda.gov/wps/portal/nrcs/main/national/programs/financial/cig/>

Conservation Stewardship Program – Financial Assistance – NRCS
<https://www.nrcs.usda.gov/wps/portal/nrcs/main/national/programs/financial/csp/>

Conservation Stewardship Program: Rewarding farmers for adopting and managing advanced conservation systems (October 2016)
<http://sustainableagriculture.net/publications/grassrootsguide/conservation-environment/conservation-stewardship-program/>

Conservation Technical Assistance – Technical Assistance – NRCS
<https://www.nrcs.usda.gov/wps/portal/nrcs/main/national/programs/technical/cta/>

Cover Crops: Available Funding Opportunities in Minnesota
http://www.nrcs.usda.gov/wps/PA_NRCSConsumption/download?cid=stelprdb1248844&ext=.pdf

Ducks Unlimited: Public Policy Priorities (2017)
<http://www.ducks.org/conservation/public-policy/public-policy-priorities>

Energy Fact Sheet: Biomass Crop Assistance Program for Fiscal Year 2017
https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdfiles/FactSheets/2016/bcap_fact_sheet_nov2016.pdf

Environmental Quality Incentives Program – Financial Assistance – NRCS
<https://www.nrcs.usda.gov/wps/portal/nrcs/main/national/programs/financial/eqip/>



EQIP Initiatives – Financial Assistance – NRCS

<http://nrcs.maps.arcgis.com/apps/MapJournal/index.html?appid=aafc7aef0494e7e8b2d667aca0fe5cc>

Farm Bill Primer Series: A Guide to Omnibus Legislation on Agriculture and Food Programs [CRS R44913] (December 1, 2017)

<https://fas.org/sgp/crs/misc/R44913.pdf>

Farm Bureau 2018 Farm Bill Position: Working Land Conservation Programs are a Higher Priority than Retirement Land Programs

https://www.fb.org/files/2018FarmBill/Working_Land_Conservation_Programs.pdf

Federal Crop Insurance Corporation (FCIC) – RMA

<https://www.rma.usda.gov/fcic/>

Franken drafts Farm Bill Energy Title featuring funding increases (September 15, 2017)

<http://www.biomassmagazine.com/articles/14680/franken-drafts-farm-bill-energy-title-featuring-funding-increases>

Here's How a Comprehensive Farm Bill Goes Way Beyond Our Farms: 5 Ways the Farm Bill Strengthens the Economy (February 7, 2014)

<https://obamawhitehouse.archives.gov/share/heres-how-comprehensive-farm-bill-goes-way-beyond-our-farms>

History of the Crop Insurance Program – RMA

<https://www.rma.usda.gov/aboutrma/what/history.html>

House Ag Committee Examines Livestock, Dairy Issues (March 26, 2017)

<http://farmpolicynews.illinois.edu/2017/03/house-ag-committee-examines-livestock-dairy-issues/>

Land Stewardship Project: Our Farm Bill 2018

http://landstewardshipproject.org/repository/1/2045/our_farm_bill_2_4_17.pdf?cms34sid=0qislv6pj6jsnt0a1h8jvb6pfl

Limited Impact of Biomass Crop Assistance Program (BCAP) Under Current Funding Levels [*farmdoc daily* (7): 155] (August 27, 2017)

<http://farmdocdaily.illinois.edu/2017/08/limited-impact-biomass-crop-assistance-program.html>

National Association of Conservation Districts' 2018 Farm Bill Policy Requests

<http://www.nacdn.org/wp-content/uploads/2016/06/2018-Farm-Bill-Requests-Formatted.pdf>



National Cattlemen's Beef Association: 2014 Policy Book

<https://waysandmeans.house.gov/wp-content/uploads/2016/12/20150318-SFR-Thompson-2014-NCBA-Policy-Book.pdf>

National Corn Growers Association: 2017 Policy and Position Papers

http://ncga.com/upload/files/documents/corn_congress/Policy-and-Position-Papers-v.-3.4.17-FINAL-a.pdf

National Nonpoint Source Program—a catalyst for water quality improvements [EPA 841-R-16-009] (October 2016)

https://www.epa.gov/sites/production/files/2016-10/documents/nps_program_highlights_report-508.pdf

National Sustainable Agriculture Coalition: An Agenda for the 2018 Farm Bill

<http://sustainableagriculture.net/wp-content/uploads/2017/10/NSAC-2018-Farm-Bill-Platform-FINAL.pdf>

NRCS Conservation Programs: Minnesota—financial and practice implementation reports

https://www.nrcs.usda.gov/Internet/NRCS_RCA/reports/cp_mn.html

Regional Conservation Partnership Program: Investing in Minnesota (2017).

https://www.nrcs.usda.gov/wps/PA_NRCSConsumption/download?cid=nrcseprd1308094&xt=pdf

Testimony on 2018 USA Farm Bill: John Finney, President, Red River Watershed Management Board (June 13, 2017)

https://agriculture.house.gov/uploadedfiles/finney_testimony.pdf

Testimony on 2018 USA Farm Bill: Lee McDaniel, Immediate Past President, National Association of Conservation Districts (February 28, 2017)

https://agriculture.house.gov/uploadedfiles/mcdaniel_testimony.pdf

Testimony on 2018 USA Farm Bill: David E. Nomsen, Vice-President of Governmental Affairs, Pheasants Forever and Quail Forever (February 28, 2017)

https://agriculture.house.gov/uploadedfiles/nomsen_testimony.pdf

Theodore Roosevelt Conservation Partnership: Conservation in the Farm Bill

<http://www.trcp.org/farm-bill/>

Using 2014 Farm Bill Programs for Pollinator Conservation [USDA Biology Technical Note No. 78, 2nd Ed.] (May 2015).

<https://directives.sc.egov.usda.gov/OpenNonWebContent.aspx?content=37370.wba>

What is the Farm Bill? [CRS RS22131] (October 5, 2017).

<https://fas.org/sgp/crs/misc/RS22131.pdf>



Appendix A: Meeting Summary—Conservation Reserve Program for Working Lands

Monday, November 27, 2017
1:00 p.m. – 3:00 p.m.
Minnesota Pollution Control Agency
Room 2-A

- 1:00** Introductions
- 1:10** Review meeting agenda and objectives
- 1:15** Defining a “CRP for Working Lands”
- What are the potential benefits of a working lands policy for CRP?
 - What does the term “working lands” include?
 - How would rules related to allowable land use practices change?
 - Recommended plant mixes
 - Harvesting / grazing / haying
 - Reduced payments in exchange for flexibility
 - Other?
 - Would a new category of CRP be needed?
 - What other changes to contract terms might be necessary?
- 2:30** Advancing shared goals
- 2:45** Next steps
- 2:50** Adjourn

Meeting Objectives

- Understand the benefits to incorporating more working lands provisions into the CRP program.
- Clarify points of agreement and difference across organizations related to what working lands provisions in CRP contracts would look like.
- Determine whether there is value in convening meeting participants (or a subset of participants) in further discussions related to moving specific ideas forward.

Participants

Kim Scott, Audubon Minnesota
Alexandra Wardwell, Audubon Minnesota (phone)
Brendan Jordan, Bioeconomy Coalition of Minnesota
Angela Hanson, Farm Service Agency (phone)
Don Arnosti, Izaak Walton League of America



Warren Formo, Minnesota Agricultural Water Resource Center
Clark Lingbeek, Minnesota Association of Soil and Water Conservation Districts
Bruce Kleven, Minnesota Association of Wheat Growers
Martha Josephson, Minnesota Department of Agriculture
Jason Garms, Minnesota Department of Natural Resources
Amber Hanson Glaeser, Minnesota Farm Bureau (phone)
Michelle Medina, Minnesota Farmers Union
Thom Petersen, Minnesota Farmers Union
Eran Sandquist, Pheasants Forever (phone)
Stephanie Pinkalla, The Nature Conservancy
Bill Lazarus, University of Minnesota
Lucy Levers, University of Minnesota
Greg Bohrer, Environmental Initiative
Meleah Houseknecht, Environmental Initiative
Erin Niehoff, Environmental Initiative
Suzanne Rhees, Minnesota Board of Water and Soil Resources
Dave Weirens, Minnesota Board of Water and Soil Resources

Notes Summary

Relevant initiatives to refine policy positions within the Dayton Administration:

- MDA is thinking about a working lands CRP but the Governor's office wants to know what that might look like.
- DNR is part of a coalition to revitalize CRP. A working lands CRP is part of what that coalition is considering. DNR's primary priority is to increase the acreage cap and allow states to target their acres.

What are the potential benefits of a working lands CRP? Clean water and more quality habitat through:

- Maintenance of conservation benefits of existing CRP land through active management
- Allows for a larger CRP (paying for more acres by paying less per acre)
- Greater stability in contracts by providing an additional revenue stream (preventing people from ending CRP contracts early and helping people get past short term market signals and market volatility)
- Allows for better targeting and the creation of habitat corridors—connecting to larger conservation parcels
 - o Might attract new participants, particularly more traditional farmers (nationally, 80% of CRP enrollees are retired or non-farming landowners), by providing more flexibility

What could “working lands” provisions within CRP allow? How might they work?

- There is high interest in allowing more (less restricted) managed grazing
 - o With regular CRP, “emergency” haying and grazing are allowed, BUT you cannot do it for financial gain. You can also do it and take a pay reduction. Permitted activities are limited during nesting periods.

- CRP Grasslands is for working lands. In Minnesota, there is a drastic payment difference between CRP and CRP Grasslands payments (\$15-\$40 for grassland; \$200-300 for regular). The small-scale option (parcels up to 200 acres) has made the program more attractive to farmers, but the total acreage is still very small.
- There was some discussion of the challenges associated with increasing grazing opportunities on CRP land:
 - It is hard to bring back cattle; when commodity prices went up, people got rid of their herds.
 - Hard to put in fencing and water infrastructure necessary to graze cattle in new fields (and don't necessarily want to send your cattle to the neighbor's property if they don't have the necessary infrastructure—it could be a big risk and time consuming to monitor)
- Haying is probably easier than grazing. NRCS would write a particular plan for the property that would allow for haying or grazing.
- Ten years ago, there was a bill to appropriate funds for a pilot program to promote the production of cellulosic ethanol by allowing up to 25% of CRP acres to be planted with crops that would be harvested and used for fuel production.
 - The 1996 farm bill funded six pilot biomass projects nationwide.
 - Could set up something similar (another pilot, rather than starting with full-scale program change) with a broader set of eligible activities
- Higher payment and better habitat with particular rules, for example:
 - Grazing for 4 weeks/year
 - Haying once/year
- Tiered payments
- More stable rates
 - Need a more stable payment level (payments are set in contract but adjusted regularly for new contracts)
 - Need to make sure it fits with the 15-year time scale
- Payments for walk-in access for hunting—make sure there aren't restrictions on stacking payments
 - State of Minnesota allows stacking of payments in some cases
- Longer contract length (more stability in the conservation benefits)
- Shorter contract length or less onerous early termination (might entice new/different producers to participate, but might not allow for establishment of habitat)
 - Allow for a shorter-term *extension*. (Main exit point from program is because people can't get back into the program.)
- Initiate a new CREP that includes more working lands options
- Sauk River Watershed District has a [hayed buffer program](#) that could be a model
- Need to figure out how to reach/target absentee landowners
- Need to guarantee enough of a demand for the alternative land cover; how do we make more options economically viable beyond animal uses?
- Any “working lands” version of CRP should not prescribe the end use for the forage. Landowners will respond to whatever market opportunities exist in their region/community (e.g. grass-fed beef, hay sales, biomass).



- Develop a new CRP practice number, one specific to haying/grazing.
 - o Payment could be the FSA established soil rental rate minus the NASS established haying/grazing rental rate for the county. For example: straight CRP rate of \$250/acre – grazing rental rate of \$50/acre = \$200 for “CRP working lands”
 - o Landowners who are beginning farmers, or rent to a beginning farmer, could get the full CRP payment rate without the grazing/haying payment reduction. “Historically Underserved” individuals should also qualify for this.
 - o All haying and grazing is to be done under a NRCS approved conservation plan.



Appendix B: Meeting Summary— Making BCAP Work for Minnesota Agricultural Landscapes

Monday, November 27, 2017
3:00 p.m. – 4:00 p.m.
Minnesota Pollution Control Agency
Room 2-A

- 3:00** Introductions
- 3:05** Review meeting agenda and objectives
- 3:10** Identify barriers to greater utilization of BCAP funds in Minnesota
- Overall fund availability (no new project area sign-ups scheduled in 2017 or 2018)
 - Putting together a project, including an eligible processing facility
 - Subsidy rate for establishment costs
 - Percentage of funds allocated to the matching payments
 - Other?
- 3:15** What would make BCAP work better for Minnesota agricultural landscapes?
- 3:40** Advancing shared goals
- 3:55** Next steps
- 4:00** Adjourn

Meeting Objectives

- Explore ideas and organizational policy positions related to how the Biomass Crop Assistance Program (BCAP) could be altered to better incentivize biomass crop production and processing in Minnesota.
- Clarify points of agreement and difference across organizations related to the areas of greatest opportunity and need.
- Determine whether there is value in convening meeting participants (or a subset of participants) in further discussions related to moving specific ideas forward.

Participants

Alexandra Wardwell, Audubon Minnesota (phone)
Brendan Jordan, Bioeconomy Coalition of Minnesota
Angela Hanson, Farm Service Agency (phone)
Don Arnosti, Izaak Walton League of America



Warren Formo, Minnesota Agricultural Water Resource Center
Clark Lingbeek, Minnesota Association of Soil and Water Conservation Districts
Martha Josephson, Minnesota Department of Agriculture
Amber Hanson Glaeser, Minnesota Farm Bureau (phone)
Michelle Medina, Minnesota Farmers Union
Thom Petersen, Minnesota Farmers Union
Eran Sandquist, Pheasants Forever (phone)
Stephanie Pinkalla, The Nature Conservancy
Bill Lazarus, University of Minnesota
Lucy Levers, University of Minnesota
Greg Bohrer, Environmental Initiative
Meleah Houseknecht, Environmental Initiative
Erin Niehoff, Environmental Initiative
Suzanne Rhees, Minnesota Board of Water and Soil Resources
Dave Weirens, Minnesota Board of Water and Soil Resources

Notes Summary

What would make BCAP work better for Minnesota agriculture?

- An analysis of eligible crops and their associated co-benefits are needed
- There was a suggestion to focus on residuals that are already collected in one place, such as in potato or sweetcorn facilities

Most of the group felt like CRP had more potential to be leveraged in support of incentivizing biomass crops in today's political and economic climate.

Without project area sign-ups in 2018 and with no project areas within Minnesota for agriculture, participants felt like focus should be on other areas of the Farm Bill.



Appendix C: Meeting Summary—Barriers and Opportunities Posed by Crop Insurance for Establishing Living Cover

Monday, December 18, 2017
9:00 a.m. – 11:00 a.m.
Minnesota Pollution Control Agency
Room 116

- 9:00** Introductions
- 9:05** Review meeting agenda and objectives
- 9:10** Presentation on crop insurance rules related to cover crops and introducing new crops/cropping systems
Duane Voy, Director, St. Paul Regional Office, USDA Risk Management Agency
- 9:20** Organizational priorities related to crop insurance impacts on adoption of cover crops, perennials, and relay crops
- 9:30** Addressing barriers to incorporation of living cover related to crop insurance
- Adoption of cover crops
 - Iowa Department of Agriculture and Land Stewardship (IDALS) Cover Crop – Crop Insurance Demonstration Project
 - Insuring double crop systems/relay crops
 - Insuring based on conservation or soil health practices
- 10:40** Advancing shared goals
- 10:55** Next steps
- 11:00** Adjourn

Meeting Objectives

- Identify and discuss ideas for how to overcome barriers to implementing cover crops or introducing new cash crops, either as secondary crops or primary crops, posed by current crop insurance rules.
- Clarify points of agreement and difference across organizations related to how crop insurance rules and programs could better support implementation of living cover.
- Determine whether there is value in convening meeting participants (or a subset of participants) in further discussions related to moving specific ideas forward.



Crop Insurance Topics for Discussion

Incentivizing the Adoption of Cover Crops Through Crop Insurance

Crop insurance can be used to incentivize particular behaviors. For example, the Iowa Department of Agriculture and Land Stewardship is partnering with the USDA Risk Management Agency to incentivize farmers to plant cover crops. Farmers who plant cover crops in the fall will receive a \$5/acre discount on their federally subsidized crop insurance. Farmers are not eligible for the subsidy if they are already receiving state or federal support for cover crops and participants are able to graze or hay the planted cover crops. Program is enrolling up to 200,000 acres in fall 2017.²

Insuring Double Crop Systems/Relay Crops

Currently, RMA rules prohibit the harvesting of cover crops for sale off the farm (this does not cover on farm uses like forage). Selling the yields of a cover crop off the farm turns a cover crop into a double crop, and invalidates a farmer's single crop insurance policy. This inability to sell off-farm could inhibit the adoption of marketable cover crops, such as oilseeds. Addressing this barrier will ensure farmers can plant economically valuable cover crops while not taking on excessive risk.

Insuring Based on Conservation or Soil Health Practices

Currently, crop insurance does not explicitly take into account the co-benefits of conservation practices, and bases a farmer's payments instead entirely on Actual Production History (APH). APH, which is used by roughly 90% of insured farmers in MN, insures based on yields, not revenue. This does not take into account the co-benefits associated with soil health practices, conservation, or increased resilience to extreme weather events. This discussion will explore whether there is an opportunity to use crop insurance to reward farmers who invest in soil health and improve the resiliency of their operations.

Participants

Ed McNamara, Minnesota Association of Soil and Water Conservation Districts (Goodhue SWCD)

Bruce Kleven, Minnesota Association of Wheat Growers (phone-briefly)

Amanda Bilek, Minnesota Corn Growers Association

Martha Josephson, Minnesota Department of Agriculture (phone)

Amber Hanson Glaeser, Minnesota Farm Bureau (phone)

Thom Petersen, Minnesota Farmers Union

Joe Smentek, Minnesota Soybean

Ryan Stockwell, National Wildlife Federation

Shawn Schottler, St. Croix Watershed Research Station

Stephanie Pinkalla, The Nature Conservancy (phone-partial)

Bill Lazarus, University of Minnesota

Jeffrey Peterson, University of Minnesota Water Resources Center

² <https://www.cleanwateriowa.org/covercroplemo-main/>



Mark Gutierrez, USDA Risk Management Agency
Duane Voy, USDA Risk Management Agency
Gary Luebke, retired (formerly USDA Risk Management Agency)
Greg Bohrer, Environmental Initiative
Meleah Houseknecht, Environmental Initiative
Erin Niehoff, Environmental Initiative
Tim Koehler, Minnesota Board of Water and Soil Resources
Suzanne Rhees, Minnesota Board of Water and Soil Resources
Dave Weirens, Minnesota Board of Water and Soil Resources

Notes Summary

Duane Voy provided a brief overview of crop insurance

- RMA:
 - o Develops and approves policy terms, rates, and prices
 - o Provides oversight—less than 2% improper payments
 - o Reviews and approves new products and program expansions
- A partnership with approved insurance providers (AIPs) who deliver the product to farmers
- Crop insurance policies are a commitment between the AIP and the producer
- During each crop year there are 11 steps to the delivery of the insurance program, including the application process, establishing coverage and billing, the claims process, and determining and program changes for the following year.
- Policy has the force of administrative law, so changes to the program need to go through a comment period
- Standard Reinsurance Agreement (SRA)
 - o Tells insurance companies what RMA will reimburse and what they will not
- Federal Crop Insurance Act is separate from what is known as the “Farm Bill” and this is what defines “first crop” and “second crop”
 - o If you harvest and sell a second crop in the same year it is a “second crop” and not a “cover crop” (sec 508A). A cover crop is defined as plants that cover the soil in between cash crops
 - o Insurance partners need to be able to make a profit in the aggregate, so changing the risk and potential loss ratios changes the dynamics could create a breach of contract
 - o Practical Farmers of Iowa data: cover crops followed by corn or soybeans, calculated on strips within the same field. Average net change in revenue (with cost share) is a *cost* of \$21 when followed by corn and *profit* of \$25/acre when followed by soybeans.
- RMA is measured by how well it provides coverage. As of 2015 89% of “principle” crops (corn, soybeans, wheat, etc.—not specialty) are covered.
- Measured also by loss ratio (how much is paid out for every dollar taken in) with a 20-year avg. of .85.
 - o Goal is to have an actuarial performance of under 1.00.



- Some profits go back to US Treasury in an underwriting gain year, but not in a loss year. Private companies can also lose money, esp. in a loss year.

Iowa Cover Crop – Crop Insurance Demonstration Project

- Flat \$5 an acre reduction on insurance premiums for corn and soybean acres; this is significant when the premiums are \$15-16 an acre.
- Does not have acre cap—it is limited only by the total amount of money available
 - The State of Iowa is putting up about \$20 – 23 million
 - State has committed to 3 years as a pilot, and will continue if it goes well
- Sign up is by January 15th (need to figure out acres covered, so insurance companies know who will have the discount by the coverage deadline of March 15th)
- Can't already have the acres enrolled in any other programs that subsidize cover crops
 - You can get \$45 an acre for CSP, but there's not enough money in the program or contract acceptance to cover all acres for all interested producers
 - Can't enroll the *acres* in more than one program, but you can enroll some acres in this program and some in CSP or something else (the limitation is not on a given producer enrolling in more than one program)
- Providing a subsidy discount for cover crop users through existing invoicing/structure could address the streamlined, cost-effective measures farmers/landowners and agencies are looking for.
- MOU between Iowa Department of Agriculture and Land Stewardship (IDALS), RMA, and AIPs
 - Because it's not part of standard contract with insurance providers, each one had to sign the MOU, and all of them have.
 - IDALS will be taking applications, verifying, will transfer the funds to RMA.
 - Data-sharing between state and RMA on who's participating
 - Field verification will happen later.
- More information at www.cleanwateriowa.org/covercroppdemo

How would you move towards a risk rating system for crop insurance that takes the producer's practices and loss history into account?

- Right now, premiums are set based on county-wide weather risk and average crop yields
- Instead, you could look at practices that are relevant to risk of yield loss on fields, such as tillage, use of cover crops, etc.
 - Anecdotes and preliminary research show a flattening of risk highs and lows (reduced variation), especially around water-holding capacity and drainage (this would cause pay-outs to go down)
 - Risk ratings based on practices would entail changing RMA rules.
 - You could also create specific risk pools based on practices.
 - IDALS project can help with gathering a lot more data important to better understanding the relationship between these practices and yields, which would be important to the ability to make these kinds of changes to RMA rules in the future.



- If risk ratings were to incorporate practices, they would need to still account for local differences in weather-related risks
 - o For example: In some places, the biggest issues are hail and wind. Practices do not address all risks related to county weather patterns.
- Would be helpful to think about the risk impacts of practices beyond cover crops

How do we bring new crops, including perennials, into coverage?

- You can insure double crops, but the rates/policy are specific to the crops and the location. You must treat cash crops as cash crops, even if there are two.
 - o Example: Peas followed by soybeans—in MN you need a special written agreement to do it, but in other states it's popular enough that they have the necessary actuarial data to have RMA standards.
- RMA is not allowed to do research on its own. It can provide funding to private companies/organizations to do research on creating new insurance products under 508H (through an application process).
 - o Some of the research costs can be reimbursed if the new insurance policy product is approved (example of camelina in MT)
 - o It takes about three to five years to get a new crop through the process of consideration and have it approved by the FCIC Board in DC.
 - o Some new insurance products have been brought in, both completely new, as well as riders on other crops.
 - o Establishing insurance standards requires having data on pricing and marketability. You need a market and established price for the new crop, information on average yield, how many times can it be harvested, etc.
 - o There is a process to establish pilot programs. As crops/rotations become mainstream, they can be built into the regular program.
 - When a pilot completes, there is an ability to expand any policy that comes out of it into new states, but pilots themselves are usually focused to one state.
 - It seems like we are a few years away from oilseed markets, so a pilot project might make sense. If we pursued a MN pilot, we need to be cautious about how it relates to the [Minnesota Government] Data Practices Act.
 - Can't insure experimental projects.
- Many in the group representing farm organization do not feel like the necessary data is there yet for other types of cropping systems. How do we enable more farmers to experiment with these systems to get the data we need? How do we get organizations to apply for funding to test these cropping systems?
 - o Minnesota Corn Growers Association has given a number of innovation grants that would be relevant. Sharing the results would require permission from the farmers who got the grants.
- What about reenrollment of acres put into production of perennials? They might fall into a different category if taken out of production entirely. May need to address this issue (similar to CRP, which doesn't negate crop insurance).

How do we look at incentivizing continuous living cover through crop insurance?

- Take the IDALS model, but expand beyond cover crops.
 - o Could be a mechanism to test and incentivize a broader suite of practices
 - o Form payments based on a broader suite of activities
 - o Harvest data from RMA to understand the effect of conservation practices on crop yields and field resilience
 - o You could pick practices based on water quality benefits or soil health [a lot of overlap, but might not be the same exact set]
- Think about how it impacts livestock producers. In the Federal Crop Insurance Act, haying and/or grazing aren't allowed until after November 1st. This is a major barrier to getting value from the use of cover crops. Consider changes that allow more grazing.
- Consider the climate difference between Iowa and Minnesota, cover crops won't work in the same way up here.
- What requirements would farmers need to meet? Would it only target farmers who are already participating in the crop insurance program?
- Need to think carefully about what data should be collected in order to better tweak and target the program into the future
- Need to resolve some issues related to data and information sharing.
 - o Would farmers be willing to submit plans?
 - The 2014 Farm Bill linked conservation compliance to insurance, so producers need to have a farm conservation plan on file already (USDA will be spot checking).
 - The existing plans don't have to cover the same things as you would need for this kind of program (they are only for highly erodible lands (HEL), wetlands, sodbuster, etc.)
 - o RMA now sharing data with NRCS and FSA (in part in order to address barriers to NRCS' Soil Health Initiative related to data)
 - o In IA insurance companies will have the data from their own policy-holders, but public agencies will have the aggregate info.
 - o About one third of the MOU between RMA and IDALS is about data sharing. IA hasn't yet figured out how to manage their data and how to evaluate it.
- Two distinct ideas emerged and were discussed:
 - o Use crop insurance and RMA as a means of delivering incentives/subsidies, regardless of specific connection to risk management
 - You could provide payments to farmers to engage in their choice of practice and set payment levels based on how much we expect them to benefit water quality
 - Should use cost-benefit to determine which practices to subsidize and by how much
 - E.g., You could provide a discount based on a wider buffer, which is then applied to the insurance on the adjacent field.
 - o Use the crop insurance program to specifically subsidize practices at the intersection of yield risk and water quality



- The more closely the program is connected to the purpose of crop insurance (managing yield risk), the better idea you can get of what practices farmers are implementing on their farms and how that relates to farm profitability, crop resilience, and yield.
- Would provide data to crop insurance providers about the effect of conservation practices on crop loss and insurance payouts—could influence the insurance market directly
- Idea of linking to profitability risk rather than just yield: RMA does have a whole farm protection product, so further practices could be considered, but it is currently only about 1% of farmers (designed for smaller diversified specialty crop farmers); most take the revenue protection policies for individual crops.

If there is no increase in funding in the Farm Bill we will need to consider where money is flowing in the broader context, especially as we consider crop insurance. The Farm bill is historically underfunded and pits one program against another. We're already incentivizing many of these same practices with EQIP and CSP if those were funded.

Because of difficulties of getting changes in this current bill, we should think about instead setting the stage with research and data collection that will allow the market to incorporate conservation practices into crop insurance products in the future.