

Evaluating the Conservation Security Program utilizing the perceptions and economics of producer participation: Implications for land stewardship in Iowa agriculture

Abstract: The Conservation Security Program, a “green payment” program, emphasizes rewarding the best stewards of natural resources and attracting the rest via reward payments. This report analyzes the Conservation Security Program (CSP) in Iowa. Program goals and its success in meeting those goals are evaluated. Results in four Iowa watersheds are summarized.

Principal Investigator:

James B. Kliebenstein

Co-investigator:

Denis Reich

Economics
Iowa State University

Budget:

\$38,337 for year one

Q How successfully has the Conservation Security Program (CSP) met its goals in Iowa?

A CSP is rewarding those who have implemented soil conserving practices. However, there is little incentive for producers who have not previously invested in conservation to improve their standards of conservation.

Background

The Conservation Security Program (CSP) represents the first program of its kind in the United States that rewards producers with annual payments for conservation practices implemented on working lands. (The phrase “reward the best and motivate the rest” sums up the program philosophy.) Since its inception there have been a number of implementation setbacks and changes, the bulk due to deficiencies in Congressional funding of producer payments. A recurring theme is the unavoidable complexity that a green payment program faces when attempting to improve working lands at a national or even state level. Administrators must attach dollar values to ecological services and correlate these particular conservation practices across 220 watersheds while operating with limited funding.

This study focused on the first two years of Iowa’s experiences with the CSP, the watershed-based conservation program introduced with the 2002 Federal Farm Act. The research considered producer experiences, understanding, and awareness of the CSP in four watersheds: East Nishnabotna, North Raccoon, Upper Wapsipinicon, and Turkey.

Objectives for the study were to:

- Determine the consistency that the CSP has demonstrated at meeting its published goals, in particular how much success the program has had in its efforts to use rewards to promote conservation in Iowa,
- Establish the resulting impact of the CSP on Iowa farmers and their level of program understanding, and
- Describe the implications of the CSP for national and international farm policy.

Approach and methods

A statistically representative mail survey of producers in the first four Iowa watersheds designated as eligible for the Conservation Security Program was combined with 13 in-depth interviews of enrolled producers to collect data pertinent to involve



POLICY

ment and understanding of the CSP, and to meet the research objectives. (Other studies of the CSP typically have utilized only one research method.)

Results and discussion

Results are consistent with the findings of other CSP studies, suggesting that CSP is rewarding the status quo of corn and soybean crop production in the state with little incentive for producers who have not invested previously in stewardship to improve their use of conservation practices. Iowa producers who were enrolled in the CSP program were primarily corn (91 percent) and soybean (88 percent) farmers, with those being the crops typically rotated. About four in 10 enrollees grew alfalfa/hay, while 17 percent raised pastured livestock. Survey results regarding perceptions of compensation rates for enrollment costs suggest compensation improves as CSP tier level increases, though the dimensions of the relationship were not conclusive.

In the case studies, six producers in two of the watersheds averaged 116 percent total compensation, while seven producers in the other two watersheds averaged 36 percent total compensation, but there was no conclusive evidence that compensation levels were regionally influenced. The diversified producers who had at least some hay and pasture livestock production (a mix more consistent with program goals) achieved an average total compensation level of 80 percent versus 68 percent for the cash grain/hog producers. CSP participants may be slightly more diversified farming operators than state averages.

Commodity payments averaged about five times higher than average annual CSP payments for the 13 farmers interviewed, with a range between one-and-a-half and 100 times greater. When such a payment discrepancy exists, and at least 80 times as much is spent on commodity price support in Iowa as is allotted for CSP benefits, there is always the potential that incentives provided by the CSP to promote conservation will be overshadowed by commodity payments.

Crop acres and stewardship practices were both positively correlated with enrollment in the CSP, suggesting that practices associated with crop production were being heavily rewarded. Additionally, the perception that production maximization is a component of “land stewardship” was associated with survey respondents who were more likely to be involved in the CSP. This suggests that the program is enrolling producers who use production maximization as their primary management tool. There could be closer examination of whether producers who are driven by incentives to maximize crop production also are those who can maximize conservation, and should the CSP be encouraging or attempting to prevent this combination.

There appeared to be few ways to distinguish among CSP enrollees. Program participants were found to be relatively homogeneous with many already receiving payments through other conservation programs. CSP payments were found to be unevenly distributed among producers, with some probably being overcompensated for the costs of their conservation, which threatens program compliance with World Trade Organization (WTO) green box regulations.

Conclusions

Rewarding producers for practices already in place is a lesson not lost on long-time stewards, as enrollment in traditional conservation programs typically has allocated the highest payments to those practicing the least conservation. The effectiveness of the CSP in promoting and preserving natural resources could be improved greatly by capitalizing on the current period of high commodity prices and redirecting savings from the Loan Deficiency and Counter-Cyclical payment programs into simplifying the CSP to operate exclusively as a reward program for proven stewards.

Additionally, conservation compliance for commodity programs should be improved and enforced so that the environmental benefits of producers practicing land stewardship are not undermined by producers unwilling to maintain conservation minimums. Promoting the CSP exclusively as a reward program should provide the needed incentive for unproven land stewards to take advantage of cost-share programs such as the Environmental Quality Incentives (EQIP) to transition to higher levels of stewardship, increasing the overall acreage of conservation treatment in Iowa and reducing the total area suffering from environmentally damaging practices.

Impact of results

Whatever the future of CSP, it is critical that confusion over the program objectives be addressed. If the program intends to promote preservation of resources other than soil, then appropriate measures for protecting all resources need to be in place and made explicit. A nutrient measure that addresses water quality concerns would be an important first step.

Natural Resources Conservation Services personnel have indicated that beginning in 2008 stewardship practices payments would be indexed with costs of implementation rather than their estimated societal value. This is essential if the CSP compensation disparities highlighted in this report are to be removed so the program can remain eligible for the WTO green box rules.

Financing the program remains challenging when the federal budget deficit is at record levels. A truly progressive approach would be for lawmakers to design a stewardship program that facilitates more multi-functionality among farmers, where risk management, environmental protection and other services (such as research, energy, and rural development) are addressed simultaneously, and become intrinsic components of the farm business with greater independence from price support programs.

When lawmakers attempt to simplify CSP for administrators and producers, they also may want to consider the impact that program complexity has on political support for conservation programs. The program might benefit from more inclusion of producers in the administration of the program, since producers expressed concerns about the program rules and implementation.

Location and general farm descriptions of the interviewed producers.

State Region	West-Central		Northeast	
Watershed	East Nishnabotna	North Raccoon	Upper Wapsipinicon	Turkey
Producer <i>Basic Farm Description</i>	<u>Nish1</u> 1020 acres. Corn, soybeans and CRP/buffer.	<u>Rac1</u> 320 acres (80 rented). Corn, soybeans, alfalfa, permanent pasture with beef cow-calf.	<u>Wapsi1</u> 1500 acres (480 rented). Corn and soybeans.	<u>Turk1</u> 3350 acres (700 rented). Corn, soybeans and farrow-to-finish confinement hogs.
	<u>Nish2</u> 6930 acres (5330 rented). Corn, soybeans and confinement finishing hogs.	<u>Rac2</u> 1430 acres (830 rented). Corn, soybeans and specialty crop.	<u>Wapsi2</u> 390 acres. Corn, soybeans and confinement finishing hogs.	<u>Turk2</u> 400 acres (115 rented). Corn, soybeans, alfalfa, permanent pasture with beef cow-calf and confinement finishing hogs.
		<u>Rac3</u> 1250 acres. Corn and soybeans.	<u>Wapsi3</u> 360 acres (85 rented). All organic. Corn, soybeans, alfalfa/hay, barley and pasture farrow-to-finish hoop hogs.	<u>Turk3</u> 445 acres. Corn, oats, alfalfa/hay and feedlot cattle.
		<u>Rac4</u> 1150 acres (60 rented). Corn, soybeans, hay and permanent pasture with beef cattle.		<u>Turk4</u> 2120 acres. Corn, soybeans, alfalfa/hay, winter rye, permanent pasture with dairy cows.

Education and outreach

Articles based on this research are being prepared for publication. Study results have been provided to Senator Tom Harkin (D-Ia).

For more information, contact Jim Kliebenstein, Economics, 174 Heady Hall, Iowa State University, Ames, Iowa 50011; (515) 294-7111, e-mail jklieben@iastate.edu

Leveraged funds

Research assistantship funds were provided as well.