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Buffers Bump Bottom Line

by:
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Push a pencil! With the financial incentives now available for conservation buffers through some U.S. Department of Agriculture programs, farmers and ranchers can hardly afford to plant and harvest a crop, given current commodity prices. This is particularly so on marginal land in floodplains or highly erodible fields.

In fact, the financial incentives are so good in some locations that program participation can become a reasonable risk management strategy for certain landowners, depending on the

acreage they may have that is suitable for buffers.

What's more, when combined with supporting practices, such as conservation tillage, nutrient management and integrated pest management, conservation buffers offer great potential for achieving multiple conservation objectives: soil erosion and sediment control, air and water quality improvement, fish and wildlife habitat enhancement, carbon sequestration, and more scenic and diverse landscapes. There is even a measure of farm safety to be achieved when buffers are installed along unstable stream banks.

Why Conservation Buffers?

Agriculture is often singled out as a major contributor to the nation's water quality problems. Sediment, nutrients, pesticides and pathogens are among the potential pollutants leaving crop fields, livestock feedlots, grazing land and woodlots. Air quality is likewise threatened in certain regions of the country by blowing soil particles and attached contaminants. And fish and wildlife interests for decades have considered agricultural activities a threat to important habitats.

When one considers that three-fourths of the land in the United States, exclusive of Alaska, is privately owned; that most of that land is cropland, grazing land or forestland; and that 88 percent of all precipitation that falls on the 48 contiguous states falls on this "working" land, one conclusion becomes obvious: How the nation's privately owned land is used and managed has everything to do with the environmental quality enjoyed by nearly all citizens.¹

This circumstance places agriculture in the public crosshairs, as Dave Stawick, president of the National Conservation Buffer Council, puts it, and conservation buffers are among the time-tested ways for the industry and individual producers to meet the challenges.²

The potential for using buffers to address a range of environmental issues was a primary reason why the USDA in 1997 undertook the National Conservation Buffer Initiative. This initiative, under the leadership of USDA's Natural Resources Conservation Service, is intended to help producers better understand the value of conservation buffers and become acquainted with those USDA programs that are available to help producers use buffers for various conservation purposes. The goal of the initiative is to help landowners install up to 2 million miles (about 7.2 million acres)

of conservation buffers by the end of calendar year 2002.

Nearly 100 of the nation's leading agricultural and conservation organizations and several prominent agribusiness firms have endorsed the initiative by becoming members of USDA's National Conservation Buffer Team.

What are Buffers?

Conservation buffers are generally narrow strips of land in a permanent vegetative cover of grass, shrubs and/or trees. The idea is to locate buffers strategically within a field or at the edge of fields where they can protect environmental elements, either natural or man-made, from the potentially adverse consequences of agricultural activities.

Among the most common buffer practices are filter strips, riparian (streamside) forest buffers, field borders, grassed waterways, contour grass strips, crosswind trap strips, field windbreaks, shelterbelts, living snow fences, and herbaceous wind barriers. There are many variations on these buffer types and different names attached to each in different parts of the country.

Other common conservation practices are sometimes considered buffers as well, depending on their placement and purpose. This is particularly the case for wetlands, whether natural, restored or constructed.

Financial Incentives for Using Buffers

Several programs are available to

¹ U.S. Department of Agriculture, Natural Resources Conservation Service. *America's Private Land, A Geography of Hope*. Revised edition. 1997.

² Personal communication with David Stawick, National Conservation Buffer Council, Washington, D.C.

help producers use buffers, and the financial incentives in some cases are extremely attractive, given current commodity prices. Most of the programs include technical assistance for planning buffer systems and cost-sharing funds for installation of the buffers. These include:

- *Environmental Quality Incentives*

Program (EQIP). This program makes technical, financial and educational assistance available to landowners within and outside designated priority areas in the states. Up to half the resources are targeted to livestock-related conservation problems. The remainder are set aside for other significant conservation priorities.

- *Wildlife Habitat Incentives Program.*

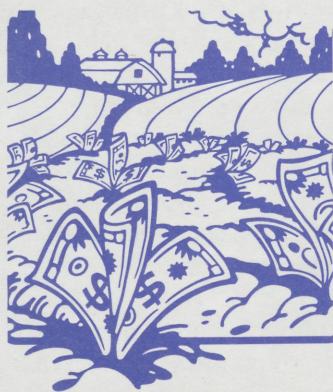
This program provides technical assistance and cost-share dollars to those landowners who want to enhance fish and wildlife habitat.

- *Wetlands Reserve Program (WRP).* This voluntary program offers financial incentives, mainly through cost-share payments and the purchase of conservation easements, to producers willing to restore wetlands on marginal agricultural land.

The most important program of all, however, particularly in terms of the financial incentives offered to landowners, is the continuous Conservation Reserve Program. This program is a component of the popular Conservation Reserve Program that was created in the 1985 farm bill as a means of encouraging landowners to take highly erodible and other environmentally sensitive land out of crop production.

The continuous CRP sign-up is aimed specifically at a set of 10 buffer practices: riparian (forest) buffers, filter strips, grassed waterways, field windbreaks and shelterbelts, living snow fences, contour grass strips, crosswind trap strips, shallow water areas for wildlife, salt-tolerant vegetation to reduce salinity, and designated wellhead protection areas.

Unlike the CRP, which uses periodically



announced sign-ups to enroll land, the continuous CRP sign-up allows producers to offer land for enrollment as buffers throughout the year. Producers need not compete with one another to enter the program, as they do in CRP. If landowners meet all eligibility requirements and the land offered for enrollment is suitable for the buffer practices they want to install, the offer is automatically accepted.

Acceptance then triggers possible payment of several financial incentives, some of which were added to the program by USDA in the past year. These incentives are in addition to the going CRP rental rate for comparable land in a particular location. The incentives include:

- A signing bonus of \$100 or \$150 per acre (depending on whether the CRP contract is for 10 years or 15 years) for certain high-priority practice such as filter strips, riparian buffers, grassed waterways, shelterbelts, field windbreaks, and living snow fences.

- Up to 50 percent cost sharing for installation.

- An incentive payment equal to 40 percent of the eligible practice installation cost.

- A 20 percent incentive on the annual CRP rental payment per acre for installation of riparian buffers, filter strips, field windbreaks and grassed waterways.

- A 10 percent incentive on the annual CRP rental payment per acre for installation of a wellhead protection area.

- Higher maintenance payments, up to \$10 per acre per year, for certain practices such as tree

planting, fencing and water development.

Participation in the continuous CRP sign-up normally requires that any land enrolled must have been cropped in at least two of the prior five years and remain physically and legally capable of being cropped. A provision in the law also allows the enrollment of marginal pastureland along streams and around other permanent water bodies if the landowner is willing to install a riparian forest buffer on the land.

Along with adding some of these incentives, USDA recently updated the CRP rental rates for marginal pastureland nationwide to better reflect the value of grazing land. Earlier, USDA redefined marginal pastureland to include all grazing land even though it has never been seeded. That redefinition for the first time made rangeland eligible for enrollment in the continuous CRP sign-up. This is an attempt by USDA to realize some of the enormous potential for use of riparian buffers along streams in the Western United States.

Also new as a result of the most recent agricultural appropriations bill is a six-state pilot program aimed at helping landowners use buffers in conjunction with wetland protection. The program provides for the enrollment of up to 500,000 acres of wetlands and associated buffers in Montana, North Dakota, South Dakota, Nebraska, Iowa and Minnesota. A limitation of 150,000 acres applies in any one of the states.

All of these federal program incentives will remain available

through 2002. Some state and local governments, as well as private organizations, also make financial incentives available to producers willing to install conservation buffers. Illinois, for example, provides a property tax discount on land devoted to streamside buffers. Kansas and Nebraska supplement federal CRP rental payments per acre. Pheasants Forever and other wildlife groups make free seed and other financial incentives available in numerous locations.

The CREP Component

The Conservation Reserve Enhancement Program (CREP) has become increasingly popular among states in recent years and offers considerable potential for extending the use of buffers to achieve specific conservation purposes within a state. It enables states to specify whatever conservation purposes they want to achieve on a statewide or sub-state basis. To leverage federal financial assistance through the CRP to achieve these purposes, states must provide some matching funds. CREP also permits the states to negotiate the level of financial incentives offered under the agreement. These incentives frequently exceed those available through the continuous CRP sign-up.

To date, USDA has signed CREP agreements with 15 states and continues negotiations with at least seven others. The states with approved CREP applications include North Carolina, Virginia, Maryland, Delaware, New York, Pennsylvania, Ohio, Michigan, Illinois, Missouri, Minnesota, North Dakota, Oregon, Washington, and California.

CREP agreements approved thus far focus largely on soil erosion control, water quality improvements, and fish and wildlife habitat enhancements.

Other Economic Considerations

Buffers work economically just as they work environmentally. The financial incentives available under the continuous CRP sign-up and

other voluntary programs are attractive indeed, but other economic considerations also must be factored into landowner decisions about buffers, such as:

- The cost of meeting conservation compliance and other soil erosion control challenges. For example, buffers, such as grass barriers, may prove less costly to install and maintain and just as effective from an erosion control standpoint as alternative conservation practices, such as terraces.
- Use of buffers may enable landowners to cost effectively manage losses of nutrients, pesticides and other potential pollutants in response to federal, state or local pollution control regulations.
- Buffers may help protect drinking water supplies in critical watersheds and reduce public water treatment costs. Already, several major cities, including New York City, Syracuse, NY, Fort Wayne, IN, and Des Moines, IA, are looking at ways they can partner with landowners to prevent drinking water contamination and minimize downstream treatment costs within critical watersheds.
- While taking land out of crop production may entail costs, converting some land to buffers may be a practical form of risk management, particularly on smaller farms or ranches with limited operating resources.
- Installation of some buffers may hold the promise of supporting revenue-generating activities, such as fee hunting or fishing; production of ornamental plant materials or edible products, such as fruits or

nuts; growth of biomass for energy production; and so forth. While the continuous CRP limits use of the land for certain purposes during the contract period, those limitations expire once the contract expires.

- The installation of conservation practices, including buffers, may add to the land's value.

Rules differ from program to program, so landowners and lenders should check with local USDA officials about what contractual obligations may confront the new owners once land is sold. For example, an individual who purchases a farm or ranch with an existing CRP or EQIP contract has the choice of accepting or rejecting that contract. If the contract is accepted, the purchaser must accept all obligations of the contract. Purchasing a farm or ranch with a WRP easement attached to the land probably does not offer the buyer a choice of whether to accept the easement or not.

For lenders who gain control of land through foreclosure, there is no choice with respect to a CRP or EQIP contract because the contract in either case becomes void as a result of bankruptcy proceedings. Hence, no legal obligation carries forward to a subsequent owner.

What Potential, What Progress?

The potential for use of conservation buffers nationwide is enormous on cropland and grazing land, forestland, and even on urban landscapes. At the outset of USDA's buffer initiative, estimates were made of potential buffer needs on cropland meeting the CRP cropping history test and on

marginal pastureland. That survey identified a need for at least 8.6 million acres of buffers on cropland and 3.2 million acres on grazing land. Those estimates were likely conservative, however.

Even a conservative look at the potential for using filter strips or riparian buffers along permanent and seasonal streams across the country, assuming only 20 percent of the approximately 3.5 million stream miles is in need of treatment, pushes the estimated need for these two buffer types to 15 million acres or more, depending on assumptions about buffer widths. And this estimate does not account for what buffers might be needed around or along other permanent water bodies, including lakes, drainage ditches, irrigation canals, and the like.

More and more agricultural producers are coming to realize the value of conservation buffers, and many are responding to the financial incentives offered by USDA and other programs.

As of April 2, 2001, landowners had installed 1,044,184 miles (3,759,064 acres) of buffers in the four years since the outset of USDA's buffer initiative.³ That's 52 percent of the initiative's goal of 2 million miles.

But landowner interest in buffers has picked up significantly since new financial incentives were added to the continuous CRP sign-up last year. In the final four months of the last federal fiscal year, after the now financial incentives were offered, USDA signed nearly 18,000 contracts with landowners covering nearly 164,000 acres. That was almost half again as many contracts signed and acres enrolled as in the first eight months of the fiscal year.

Today, in Iowa, which leads the nation in acres enrolled in the continuous sign-up with 242,000, nearly one in three farmers in the state has a continuous CRP contract. In Illinois,

³ "BufferNotes" Newsletter, published by the National Association of Conservation Districts, Washington, D.C. February 2001.

which has 215,000 acres enrolled, about one in five farmers has a continuous CRP contract.

In Conclusion

Conservation buffers represent a time-tested technology that works environmentally and now works economically as well, given the incentives available through USDA and other programs. Moreover, the technology is being adapted constantly to address particular conservation needs and producer requirements. Grass barriers, for example, are proving effective for soil erosion control purposes on cropland and

much more economical to install than the terraces previously used for this purpose. Use of appropriate plant materials in buffers is also enhancing wildlife habitat and bringing about greater landscape diversity.

Buffers are not the sole answer to the many environmental challenges confronting farmers, ranchers and woodlot owners, but they are among the important elements of the conservation systems that producers likely will need to use if they are to meet whatever land stewardship obligations they feel or society might require. **jal**

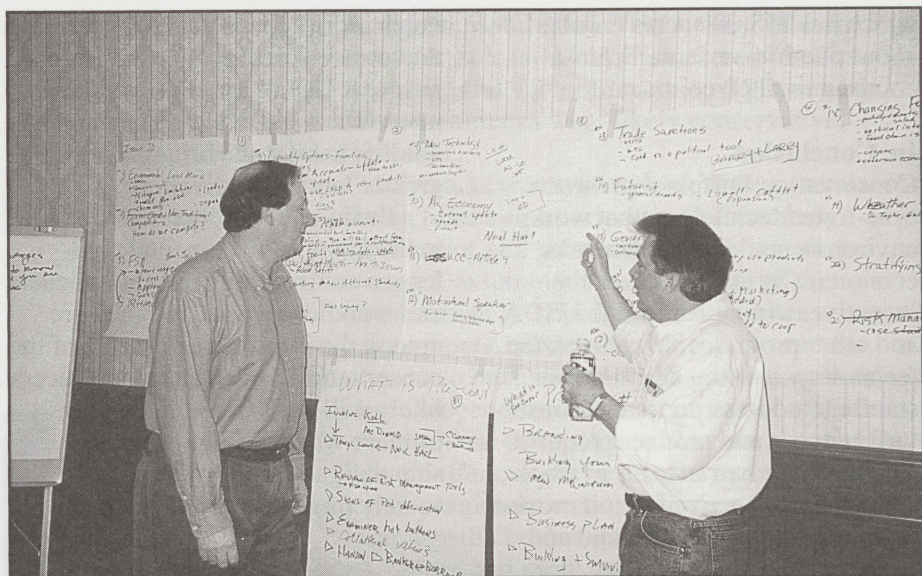
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Ag Conference Planning Committee Meets in St. Louis

Marc Meyer, above left, and John Blanchfield, right, discuss potential topics for the 2001 ABA Agricultural Bankers Conference to be held in St. Louis Nov. 11-14. Meyer is president of Brenton Bank, Adel, Iowa, and is chairman of the conference planning committee. Blanchfield is director of the ABA Center for Agricultural and Rural Banking. The committee of 13 spent March 17 and 18 at the Union Station Hyatt Regency in St. Louis, site of the conference, developing the theme and list of possible speakers and topics for the conference. Over 50 topics were surfaced. This list was then pared to a more manageable 30, which will be developed for the conference.

