



The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

No endorsement of AgEcon Search or its fundraising activities by the author(s) of the following work or their employer(s) is intended or implied.



A View of the Farm Bill Through Policy Design, Part 2: CSP

Jonathan Coppess and Aleks Knepp

Department of Agricultural and Consumer Economics
University of Illinois

May 11, 2023

farmdoc daily (13): 86

Gardner Policy Series

Recommended citation format: Coppess, J. and A. Knepp. "A View of the Farm Bill Through Policy Design, Part 2: CSP." *farmdoc daily* (13): 86, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, May 11, 2023.

Permalink: <https://farmdocdaily.illinois.edu/2023/05/a-view-of-the-farm-bill-through-policy-design-part-2-csp.html>

With farm bill reauthorization on the 2023 Congressional agenda, this article continues the multi-part series presenting a view of the Farm Bill through the perspective of policy design. The discussion reviews the complicated Conservation Stewardship Program (CSP) as authorized in the conservation title (Title II) of the Agricultural Improvement Act of 2018. The Congressional Budget Office projects that CSP will spend almost \$9.4 billion in the 2023 Baseline, with an additional \$2.9 billion in spending from the Inflation Reduction Act of 2022 (*farmdoc daily*, [February 23, 2023](#)). USDA's Natural Resources Conservation Service (NRCS) reports that over \$2.7 billion in total financial assistance was obligated during fiscal years (FY) 2018 to 2022 under CSP (NRCS Financial Assistance Program Data, [farmers.gov](#)).

Background

The articles in this series explore the major mandatory titles, policies, and programs in the Farm Bill, as well as updates on the Policy Design Lab project (*farmdoc daily*, [April 13, 2023](#)). A work-in-progress, the Policy Design Lab provides a web-based resource in which to explore and analyze existing policies and policy alternatives. It works from statutory and legislative text to incorporate and apply research, publicly available data, and computational resources for analysis and visualization. The research and data are guided by statutory text to produce comparative analysis. One goal will be to advance understanding about existing policy outcomes, as well as research-backed potential outcomes of alternative designs. Eventually, it will also seek to improve understanding of the policymaking process and facilitate open discussions about policy options. Development begins with the major mandatory farm bill programs to establish the status quo, visualized through maps and charts of the distribution of benefits and payments by State. This installment explores the policies and spending of the Conservation Stewardship Program (CSP).

Discussion

We request all readers, electronic media and others follow our citation guidelines when re-posting articles from *farmdoc daily*. Guidelines are available [here](#). The *farmdoc daily* website falls under University of Illinois copyright and intellectual property rights. For a detailed statement, please see the University of Illinois Copyright Information and Policies [here](#).

In the Agricultural Improvement Act of 2018 (P.L. 115-334), Congress reauthorized CSP through FY2023 and extended the authorization through FY2031 in the Inflation Reduction Act of 2022 (P.L. 117-169). The statutory text for all Farm Bill authorizations can be found on the compilations page of the Senate Committee on Agriculture, Nutrition, and Forestry (Senate ANF) website (Senate ANF, Library: [Compilations](#)). The Office of the Law Revision Counsel of the U.S. House of Representatives maintains the up-to-date U.S. Code and CSP is in Title 16, Chapter 58 (16 U.S.C. §3839aa-21 et seq.). Figure 1 presents an excerpt of the establishment and purpose of the CSP program as currently authorized.

Figure 1. Conservation Stewardship Program: Establishment & Purpose

CHAPTER 58—ERODIBLE LAND AND WETLAND CONSERVATION AND RESERVE PROGRAM (sections 3811 to 3871)

CHAPTER 58—Front Matter

SUBCHAPTER I—DEFINITIONS (section 3801)

SUBCHAPTER II—HIGHLY ERODIBLE LAND CONSERVATION (sections 3811 to 3814)

SUBCHAPTER III—WETLAND CONSERVATION (sections 3821 to 3824)

SUBCHAPTER IV—AGRICULTURAL RESOURCES CONSERVATION PROGRAM (sections 3830 to 3839bb-6)

SUBCHAPTER IV—Front Matter

Part I—Comprehensive Conservation Enhancement Program (sections 3830 to 3835a)

Part II—Conservation Security and Farmland Protection

Part III—Environmental Easement Program (sections 3839 to 3839d)

Part IV—Environmental Quality Incentives Program and Conservation Stewardship Program (sections 3839aa to 3839aa-25)

Part IV—Front Matter

subpart a—environmental quality incentives program (sections 3839aa to 3839aa-9)

subpart b—conservation stewardship program (sections 3839aa-21 to 3839aa-25)

subpart b—Front Matter

Sec. 3839aa-21. Definitions

Sec. 3839aa-22. Conservation stewardship program

Sec. 3839aa-23. Stewardship contracts

Sec. 3839aa-24. Duties of the Secretary

Sec. 3839aa-25. Grassland conservation initiative

Part V—Other Conservation Programs (sections 3839bb to 3839bb-6)

SUBCHAPTER V—FUNDING AND ADMINISTRATION (sections 3841 to 3847)

SUBCHAPTER VI—STATE TECHNICAL COMMITTEES (sections 3861 to 3862)

SUBCHAPTER VII—AGRICULTURAL CONSERVATION EASEMENT PROGRAM (sections 3865 to 3865d)

§3839aa–22. Conservation stewardship program

(a) Establishment and purpose

During each of fiscal years 2019 through 2031, the Secretary shall carry out a conservation stewardship program to encourage producers to address priority resource concerns and improve and conserve the quality and condition of natural resources in a comprehensive manner-

(1) by undertaking additional conservation activities; and

(2) by improving, maintaining, and managing existing conservation activities.

(b) Exclusions

(1) Land enrolled in other conservation programs

Subject to paragraph (2), the following land (even if covered by the definition of eligible land) is not eligible for enrollment in the program:

(A) Land enrolled in the conservation reserve program, unless-

(i) the conservation reserve contract will expire at the end of the fiscal year in which the land is to be enrolled in the program; and

(ii) conservation reserve program payments for land enrolled in the program cease before the first program payment is made to the applicant under this subpart.

(B) Land enrolled in a wetland reserve easement through the agricultural conservation easement program.

(2) Conversion to cropland

Eligible land used for crop production after December 20, 2018, that had not been planted, considered to be planted, or devoted to crop production for at least 4 of the 6 years preceding that date shall not be the basis for any payment under the program, unless the land does not meet such requirement because-

(A) the land had previously been enrolled in the conservation reserve program;

(B) the land has been maintained using long-term crop rotation practices, as determined by the Secretary; or

(C) the land is incidental land needed for efficient operation of the farm or ranch, as determined by the Secretary.

farmdocDAILY

CSP is also funded through the Commodity Credit Corporation (CCC), which provides mandatory funding each fiscal year using borrowing authority. In the 2018 Farm Bill, Congress authorized fixed amounts of funding each fiscal year for EQIP, beginning with \$700 million in FY2019, increasing to \$1 billion in FY2023. With the Inflation Reduction Act, that funding authorization of \$1 billion continues through FY2031. Figure 2 is the funding authority from the Senate ANF compilation.

Figure 2. Compilation Excerpt: CSP Funding Authorities

Subtitle E—Funding and Administration

SEC. 1241. [16 U.S.C. 3841] COMMODITY CREDIT CORPORATION.

(a) ¹³ **ANNUAL FUNDING.**—For each of fiscal years 2014 through 2031, the Secretary shall use the funds, facilities, and authorities of the Commodity Credit Corporation to carry out the following programs under this title (including the provision of technical assistance):

(3) The programs under chapter 4, using, to the maximum extent practicable—

(A) for the environmental quality incentives program under subchapter A of that chapter—

(i) \$1,750,000,000 for fiscal year 2019;

(ii) \$1,750,000,000 for fiscal year 2020;

(iii) \$1,800,000,000 for fiscal year 2021;

(iv) \$1,850,000,000 for fiscal year 2022; and

(v) \$2,025,000,000 for each of fiscal years 2023 through 2031; and

(B) for the conservation stewardship program under subchapter B of that chapter—

(i) \$700,000,000 for fiscal year 2019;

(ii) \$725,000,000 for fiscal year 2020;

(iii) \$750,000,000 for fiscal year 2021;

(iv) \$800,000,000 for fiscal year 2022; and

(v) \$1,000,000,000 for each of fiscal years 2023 through 2031.

(4) The conservation stewardship program under subchapter B of chapter 2 of subtitle D (as in effect on the day before the date of enactment of the Agriculture Improvement Act of 2018), using such sums as are necessary to administer contracts entered into before that date of enactment.

farmdocDAILY

The authorized CCC funding and the appropriated additional Inflation Reduction Act funding are both used to offer to farmers the ability to apply for five-year contracts and, if accepted, they will receive an annual payment in an amount determined by USDA in accordance with the statute. To be accepted, a farmer must demonstrate that the farm operation meets or exceeds a stewardship threshold for at least 2 priority resource concerns and would minimally meet or exceed the stewardship threshold for an additional priority resource concern by the end of the contract term. Figure 3 provides excerpts from the statute for these key terms and provisions.

Figure 3. Excerpts from Conservation Stewardship Program Statute: Payments & Definitions

(c) Conservation stewardship payments

(1) Availability of payments
The Secretary shall provide annual payments under the program to compensate the producer for—
(A) installing and adopting additional conservation activities; and
(B) improving, maintaining, and managing conservation activities in place at the agricultural operation of the producer at the time the contract offer is accepted by the Secretary.

(2) Payment amount
The amount of the annual payment shall be determined by the Secretary and based, to the maximum extent practicable, on the following factors:
(A) Costs incurred by the producer associated with planning, design, materials, installation, labor, management, maintenance, or training.
(B) Income forgone by the producer.
(C) Expected conservation benefits.
(D) The extent to which priority resource concerns will be addressed through the installation and adoption of conservation activities on the agricultural operation.
(E) The level of stewardship in place at the time of application and maintained over the term of the contract.
(F) The degree to which the conservation activities will be integrated across the entire agricultural operation for all applicable priority resource concerns over the term of the contract.
(G) Such other factors as are determined appropriate by the Secretary.

(3) Exclusions
A payment to a producer under this subsection shall not be provided for—
(A) the design, construction, or maintenance of animal waste storage or treatment facilities or associated waste transport or transfer devices for animal feeding operations; or
(B) conservation activities for which there is no cost incurred or income forgone to the producer.

(4) Delivery of payments
In making payments under this subsection, the Secretary shall, to the extent practicable—
(A) prorate conservation performance over the term of the contract so as to accommodate, to the extent practicable, producers earning equal annual payments in each fiscal year; and
(B) make such payments as soon as practicable after October 1 of each fiscal year for activities carried out in the previous fiscal year.

(5) Payment for cover crop activities
The amount of a payment under this subsection for cover crop activities shall be not less than 125 percent of the annual payment amount determined by the Secretary under paragraph (2).

§3839aa-21. Definitions
in this subpart

(1) Agricultural operation
The term "agricultural operation" means all eligible land, whether or not contiguous, that is—
(A) under the effective control of a producer at the time the producer enters into a contract under the program; and
(B) operated with equipment, labor, management, and production or cultivation practices that are substantially separate from other agricultural operations, as determined by the Secretary.

(2) Conservation activities
(A) **In general**
The term "conservation activities" means conservation systems, practices, or management measures.
(B) **Inclusions**
The term "conservation activities" includes—
(i) structural measures, vegetative measures, and land management measures, including agriculture drainage management systems, as determined by the Secretary;
(ii) planning needed to address a priority resource concern;
(iii) development of a comprehensive conservation plan, as defined in section 3839aaa-24(e)(1) of this title;
(iv) soil health planning, including planning to increase soil organic matter; and
(v) activities that will assist a producer to adapt to, or mitigate against, increasing weather volatility.

(3) Conservation stewardship plan
The term "conservation stewardship plan" means a plan that—
(A) identifies and inventories priority resource concerns;
(B) establishes benchmark data and conservation objectives;
(C) describes conservation activities to be implemented, managed, or improved; and
(D) includes a schedule and evaluation plan for the planning, installation, and management of the new and existing conservation activities.

(4) Eligible land
(A) **In general**
The term "eligible land" means—
(i) private or tribal land on which agricultural commodities, livestock, or forest-related products are produced; and
(ii) lands associated with the land described in clause (i) on which priority resource concerns could be addressed through a contract under the program.
(B) **Inclusions**
The term "eligible land" includes—
(i) cropland;
(ii) grassland;
(iii) rangeland;
(iv) pasture land;
(v) nonindustrial private forest land; and
(vi) other land in agricultural areas (including cropped woodland, marshes, and agricultural land used or capable of being used for the production of livestock), as determined by the Secretary.

(5) Priority resource concern
The term "priority resource concern" means a natural resource concern or problem, as determined by the Secretary, that—
(A) is identified at the national, State, or local level as a priority for a particular area of a State;
(B) represents a significant concern in a State or region; and
(C) is likely to be addressed successfully through the implementation of conservation activities under this program.

(6) Program
The term "program" means the conservation stewardship program established by this subpart.

(7) Stewardship threshold
The term "stewardship threshold" means the level of management required, as determined by the Secretary, to conserve and improve the quality and condition of a natural resource through the use of—
(A) quality criteria under a resource management system;
(B) predictive analytics tools or models developed or approved by the Natural Resources Conservation Service;
(C) data from past and current enrollment in the program; and
(D) other methods that measure conservation and improvement in priority resource concerns, as determined by the Secretary.

CSP offers a valuable case study of policy design because Congress revised the program significantly in the 2018 Farm Bill. Among those revisions, CSP no longer operates on an acreage basis; prior to the changes in 2018, USDA was required to increase enrollment by 10 million acres each fiscal year. In 2018, Congress placed the program on specified funding authorizations and combined the authorities with EQIP. Figure 4 compares excerpts from the 2014 Farm Bill version (P.L. 113-79) and the 2018 Farm Bill version (P.L. 115-334) of CSP, highlighting revisions and the repeal of the 2014 version of CSP.

Figure 4. Comparison of 2014 and 2018 Farm Bill: Conservation Stewardship Program

"SEC. 1238G. DUTIES OF THE SECRETARY. "(a) IN GENERAL.—To achieve the conservation goals of a contract under the conservation stewardship program, the Secretary shall— "(1) make the program available to eligible producers on a continuous enrollment basis with 1 or more ranking periods, 1 of which shall occur in the first quarter of each fiscal year; "(2) identify not less than 5 priority resource concerns in a particular watershed or other appropriate region or area within a State; and "(3) establish a science-based stewardship threshold for each priority resource concern identified under paragraph (2). "(b) ALLOCATION TO STATES.—The Secretary shall allocate acres to States for enrollment, based— "(1) primarily on each State's proportion of eligible land to the total acreage of eligible land in all States; and "(2) also on consideration of— "(A) the extent and magnitude of the conservation needs associated with agricultural production in each State; "(B) the degree to which implementation of the program in the State is, or will be, effective in helping producers address those needs; and "(C) other considerations to achieve equitable geographic distribution of funds, as determined by the Secretary. "(c) ACREAGE ENROLLMENT LIMITATION.—During the period beginning on the date of enactment of the Agricultural Act of 2014, and ending on September 30, 2022, the Secretary shall, to the maximum extent practicable— "(1) enroll in the program an additional 10,000,000 acres for each fiscal year; and "(2) manage the program to achieve a national average rate of \$18 per acre, which shall include the costs of all financial assistance, technical assistance, and any other expenses associated with enrollment or participation in the program.	16 USC 3838d note. 16 USC 3838aa-21 note. (2) TERMINATION OF CONSERVATION STEWARDSHIP PROGRAM.—Effective on the date of enactment of this Act, the conservation stewardship program under subchapter B of chapter 2 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3838d et seq.) (as in effect on the day before the date of enactment of this Act) shall cease to be effective. (3) TRANSITIONAL PROVISIONS.— (A) EFFECT ON EXISTING CONTRACTS AND AGREEMENTS.—The cessation of effectiveness under paragraph (2) shall not affect— (i) the validity or terms of any contract entered into by the Secretary under subchapter B of chapter 2 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3838d et seq.) before the date of enactment of this Act, or any payments, modifications, or technical assistance required to be made in connection with the contract; or (d) DUTIES OF SECRETARY.—Section 1240L of the Food Security Act of 1985 (as redesignated by section 2301(b)) is amended— (1) in subsection (b), in the matter preceding paragraph (1), by striking "acres" and inserting "funding"; (2) by striking subsection (c); (3) by redesignating subsections (d) and (e) as subsections (c) and (d), respectively; (4) in subsection (c) (as so redesignated), by adding at the end the following: "(5) PAYMENT FOR COVER CROP ACTIVITIES.—The amount of a payment under this subsection for cover crop activities shall be not less than 125 percent of the annual payment amount determined by the Secretary under paragraph (2).";
--	---

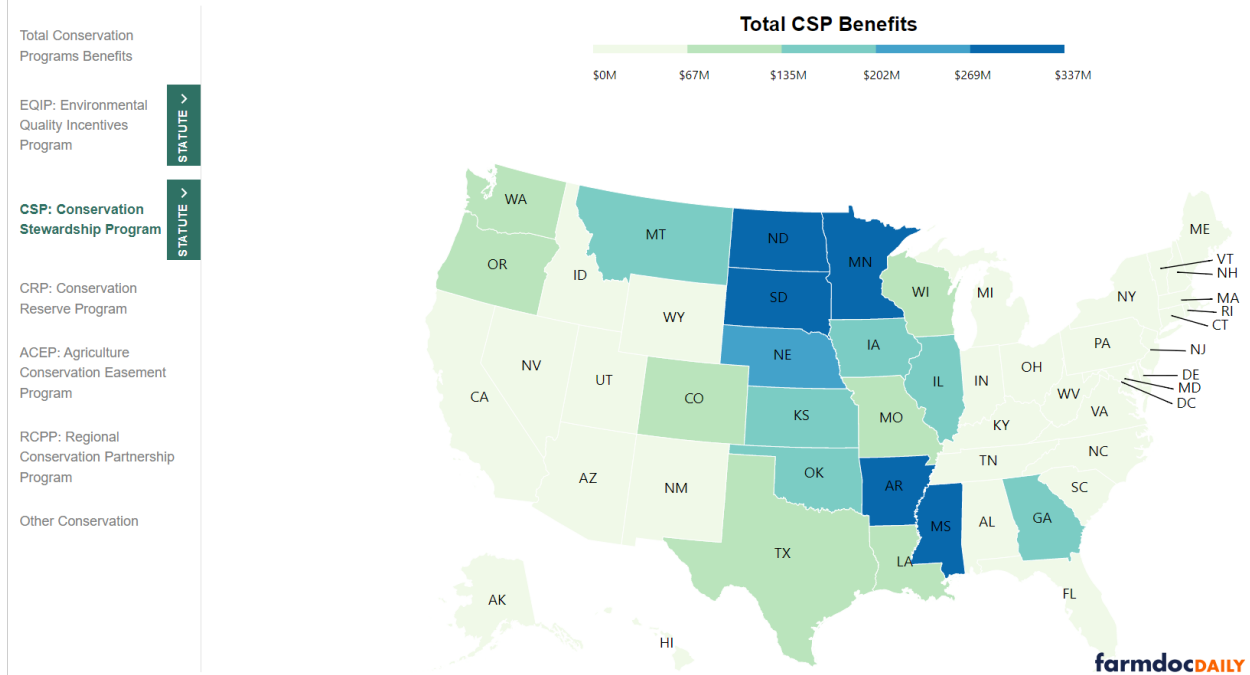
2014 Farm Bill: CSP (P.L. 113-79)

2018 Farm Bill: CSP (P.L. 115-334)

farmdocDAILY

Finally, Figure 5 is the interactive map of the total CSP payments from FY2018 to FY2022 by State and the State's share of the national total (<https://policydesignlab.ncsa.illinois.edu/csp>). CSP provides assistance through annual payments to the farmer pursuant to a five-year contract and contracts can be renewed. As such, the total funding includes payments under both the 2014 Farm Bill and 2018 Farm Bill versions. To visualize this, the map presents the 2014 Farm Bill version of payments using categories based on the types of eligible land; the 2018 Farm Bill version of payments uses the same categories of practices as the EQIP program. In total, the map presents the distribution of \$3.9 billion in payments distributed across the 50 States. For close observers, that total is less than the total obligations of nearly \$2.9 billion reported by NRCS on its website. The map is based on data received by NRCS through a Freedom of Information Act (FOIA) request for payments by fiscal year, practice, and State. NRCS reports obligations by contract, which may account for some of the discrepancy, but further review will be undertaken.

Figure 5. Distribution of Total CSP Benefits (2018-2022)



In terms of performance by state, South Dakota has received the most in total payments at nearly \$337 million from 2018 to 2022 (8.6% of the national total), followed by Minnesota at \$297 million (7.6%) and Arkansas at \$293 million (7.5%). Comparing the 2018 version of the program to 2014, just over 78% of the total benefits are attributed to the 2014 categories using eligible land provisions. CSP uses five-year contracts and the last year for a contract entered into under the 2014 provisions would have been FY2018. Farmers also have the option to renew their contracts, all of which helps explain the large share of total spending attributed to the 2014 version of the program.

The map and chart features permit a user to select the totals attributed to the 2014 and 2018 versions of CSP, which also provide useful comparisons. Under the 2014 version, South Dakota remains the top recipient of CSP benefits from 2018 to 2022 with \$273 million (8.9%), followed by Minnesota at \$243 million (7.9%) and North Dakota at \$226 million (7.3%). Under the 2018 version with payments attributed based on practices similar to EQIP, Mississippi is the top recipient of payments at nearly \$130 million (15% of the national total), followed by Arkansas at \$85 million (9.9%) and South Dakota \$63.5 million (7.4%). This initial review of state performance raises questions about whether the revised version of CSP in the 2018 Farm Bill has altered the distribution of payments and benefits among states and farmers.

Concluding Thoughts

The words of the statute put policies into action, including the distribution of benefits. A Policy Design Lab being developed at the University of Illinois is working to apply research, data, computational resources, and statutory or legislative textual analysis to visualize policy design. This article reviewed the Conservation Stewardship Program, highlighting the distribution of payments or benefits. It also provided an initial study of policy design by comparing distributions according to the design of the 2014 version of the program and that of the 2018 version. In the 2018 Farm Bill, Congress made significant revisions to CSP that began with ending the requirement to increase the program by 10 million acres each year. The 2018 version operates under a fixed amount of funds each fiscal year, but also incorporates conservation practices in a manner similar to the Environmental Quality Incentives Program. An initial review of the changes in program design indicates a corresponding change in the distribution of benefits among states and farmers. Further exploration and analysis of the program design will be undertaken to help clarify the impact of the design revisions on the program's operation and the distribution of assistance.

References

Coppess, J. "A View of the 2023 Farm Bill from the CBO Baseline." *farmdoc daily* (13):33, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, February 23, 2023.

Coppess, J. and A. Knepp. "A View of the Farm Bill Through Policy Design, Part 1: EQIP." *farmdoc daily* (13):69, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, April 13, 2023.

farmers.gov, USDA. *NRCS Financial Assistance Program Data*. <https://www.farmers.gov/data/financial-assistance/overview>

Policy Design Lab. <https://policydesignlab.ncsa.illinois.edu/equip>