

Where does conservation fit in the new budget ballgame?

Congress came back from their summer recess facing a whole new budget ballgame. The new financial realities could have major implications for agriculture. Specifically, the shape of the next farm bill is likely to look quite different than it did at the end of July when it looked like agriculture might be able to capture \$73.5 billion of the ten year projected surplus to enhance its programs. Today the eagerly anticipated surplus has disappeared and agriculture may be looking at a substantially reduced budget from the surplus enhanced \$168 billion ten year budget. As one might expect, a number of interests will be competing for their piece of the shrinking pie.

One of those competing interests is Senate Ag Committee Chair, Tom Harkin's Conservation Security Act. While the Senate Ag Committee has yet to formulate its version of a comprehensive farm bill (they are still holding hearings) it is a virtual certainty that it will include a strong conservation section patterned after the Harkin proposal. Let us take a look at Harkin's ideas because they are unlike anything that is included in the House Ag Committee proposal.

Harkin is proposing a Conservation Security Program that will allow farmers and ranchers to enter into 5-10 year contracts with the federal government. Under these contracts producers would be able to choose from one of three tiers of conservation practices. The payments the producer receives would be based on the number, type of practices, and level of conservation on their land.

The proposed Tier I provides for annual payments of up to \$20,000 for implementing a basic set of practices

such as nutrient management, soil conservation and wild-life habitat management. This is basically the level of conservation compliance that producers are currently required to maintain to participate in government programs. Most producers qualify for Tier I with their current practices.

Tier II would provide producers with annual payments of up to \$35,000. To qualify for this payment, they would need to adopt a minimum number of practices in addition to those specified under Tier I. The additional practices could include controlled, rotational grazing; partial field practices like buffer strips and windbreaks; wetland restoration; and wildlife habitat enhancement.

Annual payments of up to \$50,000 would be paid to producers who enter into Tier III agreements. In addition to Tier I and Tier II practices, producers would be required to adopt conservation practices on their whole farm under a plan that addresses all aspects of air, land, water and wildlife.

It is anybody's guess how much of this will make it into the final farm bill. What seems certain is that as farmers try to get support from urban and suburban legislators, payments tied to conservation practices have a greater appeal than no-strings-attached payments.

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