

Optimal Conservation Strategies for Landowners: An Extension Program to Address Conservation Decisions on Agricultural Land

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Brief Personal Introduction

- Grew up on a corn, soybean, and hog production farm in east central Iowa
- ABD at NCSU
- Editorial Assistant for the AJAE
- Dissertation dovetails with extension interests
 - “The Conservation Reserve Program: Determinants of the Spatial and Temporal Distribution of Enrollment and Landowners’ Supply of Conservation Services”

Extension Program Background and Administration

- Mentor: Dr. Michele Marra
 - Dissertation committee member
 - Encouraged me to explore extension
 - Instrumental in efforts to mold dissertation research into an extension program

Extension Program Background and Administration

- Follow-up to NCSU Extension presentation
 - Compared Senate, House, and USDA versions of the 2007 Farm Bill conservation title
 - Implications of proposed conservation title
- Need for understanding of conservation program changes
 - Working land conservation and stewardship in NC

Extension Program Background and Administration

- Primary Goals
 - Provide understanding of conservation options and decision tools to agricultural landowners
 - Assist landowners in developing optimal conservation strategies to meet household and production goals
- Cooperation benefits government extension and conservation personnel as well

Extension Program Implementation

- Initial round of workshops with landowners
- Training meetings with other extension personnel to discuss development and use of decision tools
 - Collaboration on decision tools
- Ongoing updates

Optimal Conservation Strategies for North Carolina Agricultural Landowners

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Objectives

- Conservation options information
 - Outline changes to the CRP, CSP and EQIP
 - Availability of state and regional conservation programs
- Conservation decision tools
 - CRP vs. Production Tool
 - EBI Calculator
 - Land use decision matrix and tool

Objectives

- Going forward...
 - Conservation policy updates
 - Conservation payments and incentives
 - Develop tailored conservation strategies
 - Understand on-farm benefits of conservation
 - Cooperate with FSA, NRCS, and agricultural engineers
- Your input is valuable

2008 Farm Bill – Title II: Conservation (Food, Conservation and Energy Act of 2008)

- Enacted June 18, 2008
- Additional \$4 billion to Title II funding
- Movement away from land-retirement (CRP) towards working-land and easements (CSP, EQIP)
 - \$2.5 billion redirected from CRP to working-land programs

2008 Farm Bill – Title II: Conservation (Food, Conservation and Energy Act of 2008)

- Special assistance for beginning, limited resource and socially disadvantaged farmers and ranchers
- Visit website for review of farm bill conservation programs

Conservation Reserve Program (CRP)

2008 Farm Bill

- Reduce to 32 million acres by 2010 via contract expirations
- Cropping history previous 4 of 6 years
- Alfalfa, multi-year grasses, legumes in annual crop rotation meet requirement
- Early-out provision at discretion of Sec. of Ag.

2002 Farm Bill

- Acreage cap 39.2 million acres
- Cropping history previous 4 of 6 years
- No early out

Conservation Reserve Program (CRP)

- Greater flexibility with mid-contract mgmt
 - Harvesting (includes biomass), prescribed and routine grazing, wind turbines
 - Payment reductions apply
- Adds cost share for thinning stands
- Farmable Wetland Program expanded

Conservation Stewardship (CSP)

2008 Farm Bill

- New name, new game
- Acreage-based
 - 12.7 million acres per year
 - 2009-2017
- No tiered participation
 - 5-yr contracts ; renew once for 5 more years
 - Max \$200k for any 5 yrs
 - \$18 per acre is target

2002 Farm Bill

- Conservation Security
 - No new funding
- Spending-based enrollment
 - \$6 billion from 2002 – 2011
- Participation in 3 tiers
 - Rental rates, contract length, max payments tier-dependent
 - 5-10 years contracts
 - Max payment \$225k

Conservation Stewardship (CSP)

2008 Farm Bill

- Address one resource concern on ENTIRE operation
- Address at least one more resource by end of contract
- Simplified payments for
 - Installation
 - Maintenance
 - Crop rotations
 - Others

2002 Farm Bill

- Meet minimum level of treatment for resource concern on PART of operation
- Still paid on whole operation
- Payment structure based on tiered-participation
 - Based on type and cost of practice
 - Enhancement component for “exceptional” conservation effort

Conservation Stewardship Program (CSP)

“Conservation planning” is now an approved and eligible conservation activity!

...for the Environmental Quality Incentives Program as well...

Environmental Quality Incentives Program (EQIP)

2008 Farm Bill

- Updated purpose includes forest management, energy conservation, organic production and fuels management
- Authorized spending increases from 2008 to 2012
 - \$1.2 billion for 2008
 - \$1.75 billion by 2012

2002 Farm Bill

- Purpose: Improve water quality and conservation, reduce soil erosion from crop- and forestland, improve rangeland
- Allocated \$1.0 billion in 2007

Environmental Quality Incentives Program (EQIP)

2008 Farm Bill

- Cost share ALSO for socially disadvantaged farmers
- 30% in advance to purchase materials or contracting
- Payment limitation \$300k over 6-year period
 - Secretary of Ag. can raise to \$450k for special projects

2002 Farm Bill

- 90% cost share for beginning and limited resource farmers
- Payment limitation \$450k over 6-year period

Environmental Quality Incentives Program (EQIP)

- Priority to improvement of established conservation practices and systems
- Priority to water conservation and irrigation efficiency systems
- Organic Production
 - Payment limitations apply
 - Available for transition to organic production

What the Changes Could Mean for Agricultural Landowners

- Continuous CRP signup opportunities
 - General signup CRP not likely in next 2 yrs
- Opportunity to participate in CSP, EQIP
- Livestock waste operations can take advantage of additional emphasis on water-related resource concerns.

What The Changes Could Mean for Agricultural Landowners

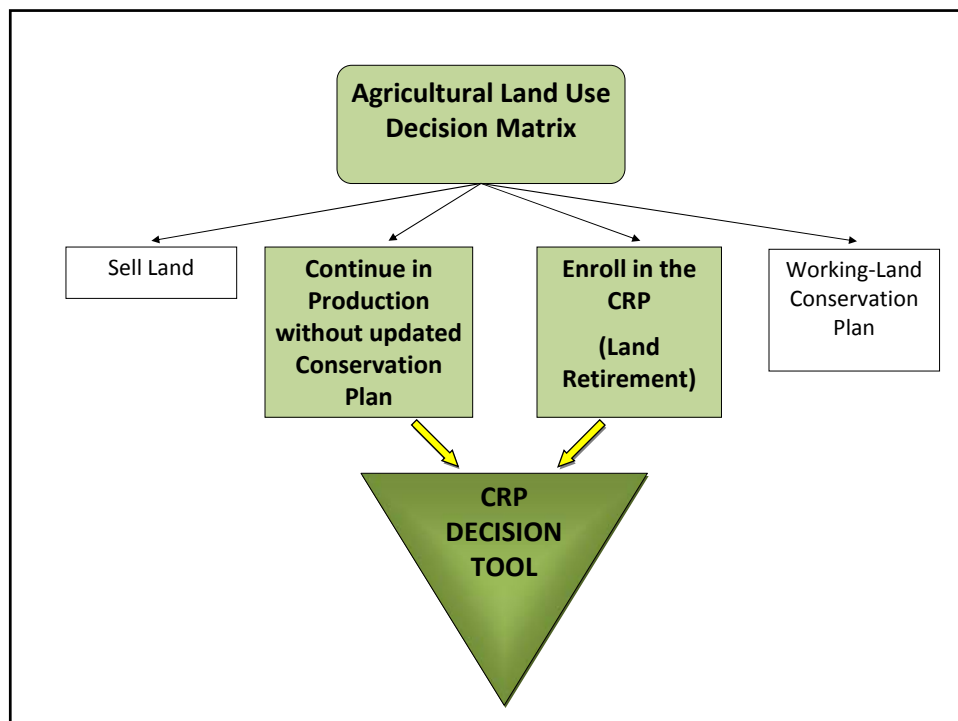
- Opportunities for organic producers
 - EQIP and transitioning out of CRP
- Opportunities for beginning, limited resource and socially disadvantaged farmers
- START PLANNING – it counts!

Other Federal, State and Regional Conservation Initiatives are Available

- Other farm bill programs
 - Conservation of Private Grazing Land (CPGL)
 - Grassland Reserve Program (GRP)
 - Wetland Reserve Program (WRP)
 - Wildlife Habitat Incentives Program (WHIP)
- State programs
- Private and Nonprofit Organizations

What Can We Do For You?

- Provide understanding of conservation options, on-farm benefits, decision tools
- Conservation Toolkit
 - Decision matrices
 - Breakeven analyses
 - Benefits calculators
- Example: CRP vs. Production Decision



CRP vs. Production Decision (1)

Number of Acres Under Consideration	500
Length of CRP Contract (years)	10

Income Factors

CRP-Related Income

Annually Occurring

CRP Rental Rate (per acre)	\$80.00
Maintenance Allowance Received (per acre)	\$5.00

One Time

Cost Share Allowance (per acre)	\$50.00
Incentive Payments Received (per acre)	\$0.00

Annualized CRP Income (per acre)	\$90.00
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Annual Production-Related Income (per acre)

Expected Yield per Acre	35.0
Expected % of Acres Harvested	100.0%
Haying/Grazing	\$0.00
Rent out for Haying/Grazing/Cropping	\$0.00

CRP vs. Production Decision (2)

Expense Factors

CRP-Related Expenses

Annually Occuring

Maintenance of Cons. Practice (per acre)	\$5.00
Other Expenses (per acre)	\$0.00

One Time

Installation of Cons. Practice (per acre)	\$100.00
CRP reconversion costs (per acre)	\$0.00

Annualized CRP Expenses per acre	\$15.00
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Production-Related Variable Costs (per acre, per year)

Itemized

Seeds	\$0.00
Fertilizer / Insecticide / Herbicide / Chems	\$0.00
Machinery	\$0.00
Hired Labor	\$0.00
Other Expenses	\$0.00

<i>Or Enter Annual Total per-acre Prod Cost</i>	\$149.00
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Annualized Production Expenses per acre	\$149.00
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CRP vs. Production Decision (3)

Expected Total Net Return
from CRP Contract

\$375,000.00

Commodity Price that Equilibrates
Net Returns from
Production and CRP:

\$6.40

To see how an expected commodity sales
price translates to an expected net return
from production of soybeans in a single
year, enter an EXPECTED CASH
COMMODITY PRICE here.

\$12.25

Expected Annual Net Return from
Production

\$139,875.00

**Thank you for inviting me
here today!**

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