



2007 FEDERAL FARM BILL

*Concepts for
Conservation Reform in the
Chesapeake Bay Region*



TO THE U.S. CONGRESS:

The recommendations contained in this report are offered to assist you in the upcoming debate on agricultural conservation, which will be a key part of the 2007 Farm Bill reauthorization. Over 40 listening sessions, involving more than a thousand individuals and stakeholder organizations in the Chesapeake Bay six-state watershed, were held in the spring and summer of 2005. We transmit the ideas formed from those discussions as a starting point for further dialogue and refinement as you work to develop the content of the 2007 Farm Bill. We believe the extensive farmlands of the Chesapeake Bay region, draining into the largest estuary in the United States, are important places to deal with farm conservation program reforms. Further, the measures that we identify to meet the dual goal of strengthening agriculture and improving water quality in the Chesapeake have application to the multitude of other fragile and recovering watersheds in the nation.

Thank you for your consideration of these recommendations. We offer you our continuing assistance in refining these and other conservation concepts as you address the reauthorization of this complex and important legislation.

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PREPARED BY THE STATES OF PENNSYLVANIA, VIRGINIA, MARYLAND, WEST VIRGINIA AND DELAWARE;
THE DISTRICT OF COLUMBIA AND THE CHESAPEAKE BAY COMMISSION

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Acknowledgements

We are indebted to a wide cross section of agricultural producers, businesses, scientists, conservationists and state government leaders who took time to share their thoughts and recommendations relative to Farm Bill reform opportunities. The organizations that contributed information and/or provided guidance and recommendations are listed in Appendix A.

Introduction

Agriculture is a defining feature of our region's economy, ecology and heritage. Thus, it should come as no surprise that we, the leaders of the Chesapeake Bay restoration, have come together to work on the reauthorization of the Federal Farm Bill. By enhancing Federal conservation-related programs, we can support our agricultural and forestry sectors in their efforts to restore the Chesapeake Bay.

We are well prepared to make use of enhanced Federal support. We know the cost of the restoration. We have detailed tributary-by-tributary plans to achieve our water quality goals. We know that a great many of the most cost-effective actions lie in the agricultural and forestry communities. Our agricultural and forestry communities already have many years of experience working to reduce nutrient and sediment loadings to rivers and the Bay.

Increased Federal support through the Farm Bill is of critical importance because of the major role agriculture and forestry must play if Bay states are to achieve state-developed and Federally-reviewed nutrient and sediment reduction strategies for each major river system. Overall, the states are relying on agriculture to provide 68 percent of the nitrogen reductions, 64 percent of the phosphorus reductions and 90 percent of the sediment reductions. These reductions are essential and will require considerable effort and investment.

Given the scope of activities and programs already undertaken by the agricultural and forestry communities, it is important that we foster farmers' and forest landowners' understanding of what more is practical and achievable. To this end, a Farm Policy Reform Work Group, under the chairmanship of the Chesapeake Bay Commission, was formed to consider a wide range of potential Farm Bill reform proposals and to identify the most useful and cost-effective recommendations for our region. Fundamental to this outreach effort was engaging the stakeholder community at the outset and building the recommendations from the ground up through a series of interactive meetings held throughout the watershed.

Over the course of several months, the Work Group conducted 40 outreach sessions with farmers, government officials, conservationists, academics and other Bay stakeholders. Discussion focused on several key issues, including conservation funding levels, regional distribution of funds, nutrient management, surplus animal manure and litter, erosion control, farm and forestland preservation and habitat management, as well as the strengths and weaknesses of individual Farm Bill programs in helping to meet the Chesapeake pollution reduction goals.

In addition, the outreach sessions probed the desirability, palatability and feasibility of current

FIGURE 1

Our Guiding Principle

Support the successful attainment of the Chesapeake Bay nutrient and sediment reduction goals while strengthening the economic viability of agriculture in the watershed.

This will be accomplished by:

- Meeting the current and projected farmer demand for funding and technical assistance in implementing nutrient and sediment reduction measures.
- Encouraging farmer participation in conservation programs, including greater incentives for greater environmental and ecological performance.
- Promoting long-term sustainable conservation practices and changes.
- Encouraging scientific and technological innovation.
- Promoting programs that maintain our rural working landscapes.
- Leveraging Federal resources with state and local dollars.

and potential programs, as well as cultural and political considerations regarding program delivery and performance. Out of these dialogues emerged a fundamental principle that guided us throughout the development of our recommendations. This “Guiding Principle” is presented in Figure 1.

Based upon this principle, preliminary Farm Bill reform concepts and recommendations were drafted and reviewed with stakeholders in a second round of meetings. Their feedback was used to develop the final set of recommendations for Farm Bill reform included in this report.

Most of our recommendations address improvements that can be made to the conservation-related provisions of the existing Farm Bill. This might seem self-evident given the focus on achieving the goals of the Chesapeake Bay restoration.

But just as important, this focus is reflective of the nature and challenges of farming in our region. Consider first that the Chesapeake watershed is less dependent than other parts of the nation on commodity payments for certain crops. Given the current debates in Congress and the World Trade Organization over the way in which the U.S. subsidizes the production of certain commodities, the pressure to focus Farm Bill outlays more on conservation, energy, rural development and other “green box” payments may produce an opportunity for our region.

Second, agriculture in our region is relatively intensive as illustrated in Figure 2. While Bay states contain only 3.2 percent of U.S. farm acreage, those lands produce 5.7 percent of U.S. farm cash receipts, which in 2003 totaled over \$12 billion. In part this reflects the richness of the land, but also the close proximity of agriculture to urban areas. These factors mean not only high value crops — Bay states rank high nationally in dairy, poultry and nursery products, all of which benefit from being near retail markets — but also generate great development pressure on farmland. The continued viability of farming and farm communities is at risk in many parts of the Bay watershed due to urbanization and the resulting increased land costs. Many of the counties in our

Chesapeake Bay Region Agriculture Is:

- ✓ **Diverse:** There are more than 50 named commodities produced in the region, not including those listed under “miscellaneous” or “other.”
- ✓ **Productive:** The six-state region has 3.2 percent of the nation’s farm acreage, yet produces 5.7 percent of the nation’s agricultural cash receipts. Within the region itself, agriculture contributes 13 percent of the Gross Domestic Product (GDP).
- ✓ **Under Pressure:** The six-state region is home to about 16 million people. This close proximity to markets helps to maintain the value of agricultural production in the region. However, this same proximity leads to competition for agricultural land from development, accounting for the loss of 750,000 acres in the region since 1994. Ten percent of the farms lost nationwide since 1994 have been lost in the six Bay-region states. The U.S. Census Bureau’s list of fastest growing counties in America ranked Virginia’s Loudoun Co. No. 1, Stafford Co. No. 17, and Spotsylvania Co. No. 19 in 2004. Of the top 100 fastest growing counties, more than 10 percent are in the Bay watershed.
- ✓ **On the Front Lines of Environmental Stewardship:** The Chesapeake Bay Tributary Strategies call upon agriculture to provide an average of 68 percent of the nitrogen reductions, 64 percent of the phosphorus reductions, and 90 percent of the sediment reductions needed by 2010, at a cost of approximately \$700 million per year.

CALCULATED FROM 2003 DATA: National Agricultural Statistics Service and Chesapeake Bay Program

region consistently rank among the fastest growing in the country. These economic conditions also create a precarious financial situation for some farm support businesses which, in turn, make it all the more difficult to finance necessary conservation practices. In addition, conversion of farm and forest land to urban and suburban uses often creates increased amounts of nutrient and sediment runoff into the Bay and its tributaries, thereby exacerbating our water quality problems. However, as we work to preserve agricultural lands we must be cognizant that this intensity of agriculture, particularly animal agriculture, also results in local and regional excesses of manure and litter nutrients, one of the Bay’s most pressing agriculture-related challenges.

Finally, agriculture is a highly valued way of life for farmers, their families and farm communities. Moreover, the Chesapeake region’s fields and farmsteads are a critical part of the heritage and the sense

of place for all of us. Who can imagine Jamestown without visualizing the settlers planting their first rows of corn? Who can think of Gettysburg or Antietam without the specter of farmlands laid low? People come from around the world to see the Amish farms of Lancaster County and the rolling fields of the Shenandoah Valley. What would the Eastern Shore be without its long vistas of flat fields of corn and soybeans leading up to the marshes? A Chesapeake Bay restored the way it should be includes economically viable farm and forest communities throughout the watershed.

The process of developing the next Farm Bill is still in the early stages, but will gain momentum rapidly. Discussions will get underway in Congress early in 2006, with final action in 2007 or 2008. It is important to continue the dialogue toward consensus on needs and recommendations within our watershed. Based on the results of these outreach efforts, it likely will be possible to seek common cause with other regions around the country that share our interests and ideas for reform of Farm Bill programs. We expect that others will join our recognition that enhanced support for conservation practices goes hand in glove with supporting a viable agricultural sector. The recommendations outlined below comprise a blueprint for helping to achieve this for the Bay watershed and its communities and for others throughout the nation.

Defining the Financial Need

How much financial support from the Federal Farm Bill is really needed?

Given the scale of the task of restoring the Chesapeake Bay and the multi-billion dollar annual price tag placed on the huge array of programs needed to support the effort, the lump-sum total might seem excessive. But if you run the numbers, as is done below, and break the totals out among all the players and the issues, the increased level of support for the *agricultural component* is actually quite reasonable.

Many of the agricultural practices envisioned for funding are among the most cost-effective of any pollution reduction measures. A recent Chesapeake Bay Commission study concluded that five of the six most cost-effective measures are agricultural, and would price out at about \$630 million per year if applied to the maximum extent feasible, watershed-wide. These five practices are nutrient management, enhanced nutrient management, cover crops,

Chesapeake Bay Region Top 5 Farm Bill Priorities

1. Establish a Regional Stewardship Fund to increase flexibility in the delivery of Federal funds.
2. Implement the Conservation Security Program as a nationwide entitlement program.
3. Target funds to maximize environmental benefits and ecological services.
4. Provide increased support for the economic viability of agriculture.
5. Increase funding and technical assistance for conservation-related programs.

conservation tillage and diet and feed adjustments. Analysis of the six state Tributary Strategies shows that the full suite of agricultural practices called for to achieve the nutrient and sediment reduction goals by 2010 would cost about \$700 million per year.

Using the \$700 million figure and assuming an average cost share with farmers of 25 percent, this would leave \$525 million as the annual cost for government. Assuming the states cover half of these costs, the remaining Federal share would be \$262.5 million per year. By way of comparison, Federal financial assistance for agricultural conservation work in the Chesapeake Bay in FY 2004 totaled approximately \$66 million. Given the current level of investment, the recommended Federal funding level of \$262.5 million per year is about four times the current level of Federal support provided to Chesapeake watershed farmers under Farm Bill programs.

Priorities for Farm Bill Reform

Stakeholders throughout the Chesapeake Bay watershed identified five priority actions for the 2007 Farm Bill. Beyond conservation, these actions also speak to the need to reduce the financial risk of farming in the watershed for, without question, the viability of farms and the implementation of strong conservation practices on farm and forest are inextricably linked in the Bay region. Simply put, one cannot happen without the other.

For this reason, our five priority recommendations focus on practices and programs that will directly improve water quality and the stability of agriculture by increasing financial support to farmers and foresters to maximize their ability to limit nutrient and sediment pollution to the Chesapeake Bay.



1 Establish a nationwide program of "Regional Stewardship Funds," to increase flexibility in the use of Federal funds for state- or multi-state-based water quality and stewardship initiatives in threatened or degraded watersheds.

Beyond the issue of adequate funding, stakeholders frequently raised the point that many agricultural conservation programs are limited by insufficient mechanisms to coordinate or leverage other funding. This greatly inhibits the ability to devise regional solutions to complex environmental challenges in areas such as the Chesapeake Bay. Problems such as county- or even multiple-county manure surpluses, for example, can only be solved through the coordinated participation of many producers and other partners, the development of new technical approaches with the participation of private industries, and supportive science and development. Chesapeake Bay states engage in a wide variety of efforts to address the runoff of nutrients and sediment, but there are inadequate mechanisms available to coordinate these efforts with Federal conservation, forestry and other programs.

The proposed *Regional Stewardship Funds* (RSFs) would be designed to support regional nutrient and sediment water quality and land stewardship initiatives of national or state priority, leverage new funds and promote integration of multiple programs at both the state and Federal levels. A Regional Stewardship Program would be designed by one or more states in collaboration with U.S. Department of Agriculture (USDA) agencies, and be approved by the Secretary of Agriculture.

Federal funds provided for the RSFs would supplement and amplify the incentives and funding levels available through existing Federal programs and help to better target concerted management efforts in vulnerable or degraded watersheds. The RSF is a new concept, and details such as funding levels, allocation formulas and priorities for use of funds still need to be worked out. However, the focus of the program is to concentrate funds for a wide range of programs and practices within a priority region which has established its goals and specific objectives, in order

to maximize cost-effective investments and significant, measurable water quality gains.

State-approved plans that specifically address water quality and land stewardship needs, such as tributary strategies or watershed management plans, should form the basis for both funding eligibility and targeting of funds. States and local governments willing to provide 25 percent or more of the costs should be given priority; additional partnerships with other non-Federal sponsors should receive further priority. Both in-kind and cash matches should be eligible. To measure performance, tracking and monitoring of implemented practices should be required.

Within this program, the Chesapeake Bay Regional Stewardship Fund would provide financial support for the detailed agricultural action blueprint contained in the states' Tributary Strategies. It should be structured to complement and coordinate the monies provided by other Farm Bill programs in order to maximize every dollar invested. By targeting the Bay region for enhanced conservation dollars, the Fund would ensure more support to the farmers and less pollution going into Bay waters.



2 Reauthorize and implement the Conservation Security Program throughout the Chesapeake Bay watershed and in other regions.

The *Conservation Security Program* (CSP), established in the 2002 Farm Bill, and funded through the Commodity Credit Corporation, meets the needs expressed by the Bay region stakeholders to provide incentives to reward farmers for: (1) widespread adoption of conservation measures on working lands; and (2) higher levels of environmental performance that go beyond the minimum requirements established by regulations.

Basically, CSP is a program that financially rewards farmers for the environmental benefits they provide. Yet funding limitations have severely restricted the ability of the program to deliver on the geographic scale necessary to trigger significant water quality improvements. In 2004, the first year of program operation, CSP was limited to one sub-watershed in the Bay region at a total of \$119,000. Current year funding has allowed the program to be offered in only seven regional locations. The reach of CSP must be substantially expanded.

We believe that Congress should expand the use of CSP incentives to facilitate the adoption of new technologies and practices that benefit not only Chesapeake Bay region producers and the Bay's water quality, but producers and water quality restoration

FIGURE 2

“Top 20” Agricultural Producers in the Bay Watershed

Commodity	County	U.S. Rank	Quantity or value
Value of livestock, poultry, and their products	Lancaster County, PA	5	\$710,020,000
	Rockingham County, VA	17	\$433,298,000
Poultry and eggs	Sussex County, DE	1	\$378,818,000
	Lancaster County, PA	6	\$258,237,000
Broilers and other meat-type chickens	Sussex County, DE	1	39,878,429 chickens
	Wicomico County, MD	15	12,752,866 chickens
Layers 20 weeks old and older	Lancaster County, PA	4	7,500,336 chickens
Turkeys	Augusta County, VA	6	2,037,700 turkeys
Cattle and calves	Lancaster County, PA	20	255,706 cattle
Milk and other dairy products from cows	Lancaster County, PA	7	\$266,097,000
Hogs and pigs	Lancaster County, PA	17	\$86,314,000
Horses and ponies	Chester County, PA	7	\$16,838,000
	Loudon County, VA	8	\$10,167,000
	Adams County, PA	9	\$9,231,000
	Baltimore County, MD	11	\$8,219,000
	Cecil County, MD	13	\$6,747,000
Corn for silage	Fauquier County, VA	14	\$6,724,000
	Lancaster County, PA	2	94,421 acres
	Franklin County, PA	5	52,000 acres
	Northampton County, VA	20	2,986 acres
	Adams County, PA	5	14,225 acres
Apples	Frederick County, VA	12	7,442 acres
	Berkeley County, WV	19	4,498 acres
	Chester County, PA	5	\$269,136,000
Short rotation woody crops	Steuben County, NY	11	11,531 acres

SOURCE: 2002 Census of Agriculture, State Profiles, <http://www.nass.usda.gov/census/census02/profiles/index.htm>

efforts across the nation. The following recommendation is directed towards this need:

- Increase funding and expand the Conservation Security Program nationally, making it available in all watersheds. The program should be offered on a continuous sign-up basis and incorporate performance-based payments.



Target funds to maximize environmental benefits and ecological services.

There are a number of cross-cutting issues that apply to multiple Farm Bill programs. Given the daunting financial challenge in restoring the health of the more than 125,000 miles of rivers that drain the Chesapeake watershed, the use of cost-effective practices and the targeting of resources to maximize environ-

mental results is critical. Changes to program design, management and delivery must:

- Provide incentives that reward and encourage producers for good environmental stewardship.
- Target program funds and resources to achieve local and regional water quality improvements.
- Measure and document results.

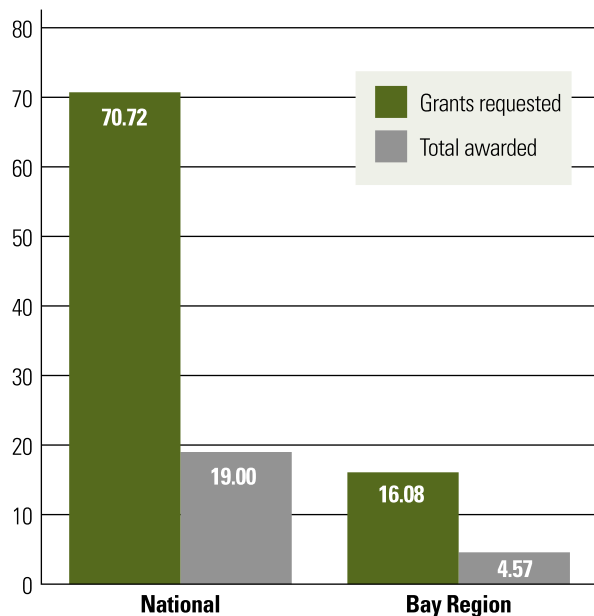
Stakeholders support the expansion of programs that offer higher incentive payments — possibly tiered, based on level of performance or environmental benefit provided — to reward producers for implementing advanced conservation measures. These payments could be targeted to nutrient management and other pollution-reducing conservation practices and systems.

Increased flexibility is essential. The Farm Bill must direct more money to support and encourage

FIGURE 3

Conservation Innovation Grants

FY 2005; IN MILLIONS OF DOLLARS



those practices that best address watershed conditions and needs. This requires a shift in the focus of conservation resources from a program-driven to an outcome-driven strategy. Congress should direct USDA to:

- Adopt an integrated watershed management approach to deliver conservation services. Under this model, individual programs would be structured and implemented in a coordinated manner to better target available resources in order to maximize environmental improvements and address priorities established by the State Technical Committees.
- Improve its ability to verify full implementation of nutrient management and conservation plans.
- Work in partnership with states in developing and utilizing common or at least coordinated data bases, monitoring and tracking systems and planning tools, such as the states' Tributary Strategies.
- Increase flexibility within programs in order to allow for the funding and implementation of alternative, yet effective nutrient and sediment control practices, as well as research to facilitate adoption of innovative practices.
- Provide a Chesapeake Bay-specific Conservation Innovation Grants Program on an annual basis, funded, at a minimum, at the FY 05 level of \$5

million. (See Figure 3.) Priority should be given to projects involving alternative uses of manure.

- Provide incentives, as well as insurance, to producers willing to adopt promising nutrient and sediment control practices that farmers view as risky.
- Determine eligible conservation practices and cost-share rates at a local level and solicit local advice regarding proposals that involve innovative conservation measures.



4 Provide increased support for the viability of agriculture by providing farmers with assistance in market development, renewable energy applications and risk management.

Bay region farmers are critical partners in the effort to restore the Bay. With agriculture comprising one quarter of the land use in the watershed, efforts to sustain agricultural profitability, and in so doing prevent land conversion to urban development, are a key environmental goal.

There are strong reasons to do this. Currently, a number of counties in the Bay watershed rank in the top 20 for agricultural production nationwide in more than a dozen commodity categories. The diversity of commodities demonstrates the unique qualities of our area's agricultural sector. (See Figure 2.)

Fortunately, many of the farmers of our region are willing to take financial risks in installing conservation practices and adopting new and innovative production systems. However, government assistance is necessary to help manage these risks.

Poultry litter, animal manure and agricultural and forest biomass present a largely untapped opportunity for energy production or alternative uses. Funding is needed to support development of technologies such as feed additives or manure processing to reduce both farmers' expenses and the volume of manure produced. Additional benefits would include increased utilization of manure and a reduction of excessive use of chemical fertilizers. Emphasized in priority No. 3, the Conservation Innovation Grants Program is especially vital for moving ahead on such pressing challenges.

These considerations have led us to recommend that Congress call upon the USDA to:

Market Development

- Increase funding available for grants, loans and grant guarantees to:
 - Support and strengthen rural communities and economies.

- Support value-added market development for both agricultural and forestry products, including energy crops, manure, poultry litter, crop residues and woody biomass.

Renewable Energy

- Target increased funding to facilitate the development of renewable energy production including biofuels and manure to energy solutions.
- Provide cost-share funds and ready approval for a much wider array of tools and practices that enable farmers to create a value-added off-farm use of manure and poultry litter.

Risk Management

- Strengthen the Risk Management provisions to support farmers willing to take chances in installing new and innovative conservation practices. At a minimum, crop insurance provisions should be adjusted to:
 - Allow greater flexibility with crop eligibility requirements.
 - Expand coverage to include catastrophic animal losses.
 - Provide a “safety net” to pilot innovative nutrient reduction techniques.
 - Include livestock, dairy and poultry feed management.
- Increase maximum guaranteed loan amounts for USDA Farm Services Agency (FSA) farm loan programs to reflect current costs of production within the agricultural sector.
- Revise the FSA lending regulations and practices to allow subordination of FSA lien positions to proposed new loans when loan applications are determined to be sound, viable and credit-worthy and include appropriate documentation to demonstrate that FSA’s proposed collateral position does not present undue risk.



5 Increase funding and technical assistance for conservation-related programs.

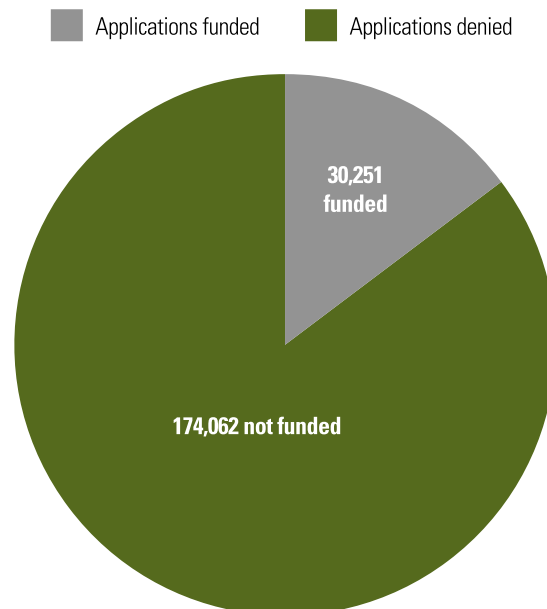
Increase Financial Assistance

The Farm Bill’s Conservation Title has provided the lion’s share of the Federal funds used to support farmers to practice on-the-ground stewardship in the Bay region. Key provisions in the Rural Development, Energy and Miscellaneous Titles are also important to our region because they each address the economic

FIGURE 4

Conservation Program Underfunding

FY 2003; NUMBER OF APPLICATIONS WITHIN THE BAY WATERSHED



needs of farmers, contributing to the very viability of agriculture. Finally, funding through the Forestry Title is essential for stewardship of forests and riparian forest buffers across the watershed.

Collectively, these five titles and the programs that they support serve as the financial foundation for the Bay region’s intensive effort to successfully integrate conservation measures into agricultural land management practices. They also help to leverage millions more in state, local and private funds. Still, it must be recognized that funding for many of these programs remains well below the demand levels of farmers in the Chesapeake Bay basin. Figure 4 illustrates this funding gap in several programs for which state-specific data is available.

More and more, farmers are being asked to contribute their time, effort and personal financial support to the restoration effort at a scale well beyond present funding. Support for their work must be enhanced. Otherwise, we run the risk that agricultural lands will be lost to development, threatening our rural economy while further harming the Bay ecosystem, as conversion from farm to development often increases runoff impacts to Bay waters.

To ensure that the restoration of the Chesapeake Bay and its rivers remains on track, Congress should:

- Increase funding for the primary programs utilized by producers in the watershed. These programs,

which include programs authorized in the 2002 as well as previous Farm Bills, are listed in Figure 5.

- Direct USDA to adjust its national conservation funding formulas so that resources are more equitably allocated to all regions of the country.

Improve Technical Assistance

Adequate technical assistance is an integral part of program delivery, yet this fundamental support system has not kept pace with demand from landowners and with expanded Federal and state conservation programs. Increased funds are required to support additional field-based professionals who provide on-the-ground assistance in designing site-specific best management conservation measures to address identified needs. Simply stated, the number of Federal, state, non-government and private sector technical service providers *must* be increased if any of the conservation programs are to reach their full potential.

In order to reinforce and accelerate the adoption of conservation best management practices in the watershed, Congress should direct the USDA to:

- Increase conservation program funds for technical assistance to producers and land users from roughly 15 percent up to 25 percent. The percentage should be formulated on a state-by-state basis to accelerate the delivery of technical assistance and expand outreach and education work in order to maximize both best management practice implementation and long-term maintenance.
- Expand technical assistance to support enhanced nutrient and manure management and feed management assistance, while continuing to fund engineering and sediment management at levels to match need.
- Make greater use of Technical Service Providers (TSPs) to assist producers with the design and installation of conservation measures. TSP application and certification procedures should be streamlined and simplified. In addition, TSP efforts should focus on nutrient and sediment management as well as engineering and feed management assistance.
- Provide technical assistance based on priority practices identified in watershed plans or parallel state efforts. Once these practices are funded, support for complementary technical assistance must be provided for multiple years in order to ensure successful implementation and maintenance.
- Develop mechanisms for the rapid deployment of innovative technology, including the establishment of regional technical committees to review innovative technologies that address specific needs.

Operational and Program Reforms

In addition to our Top 5 Priorities, stakeholders identified a number of other important administrative and legislative opportunities that would improve the Farm Bill. The following region-wide recommendations include Federal operational reforms to improve program delivery to farmers. They are offered in a format to aid members of Congress and legislative assistants in reviewing the many operational and programmatic changes we are recommending.

Overarching Operational Reforms

Improved effectiveness and efficiency of current programs and procedures within the Farm Bill, as well as improvements in intergovernmental coordination and collaboration, will maximize the impact of each dollar spent. Improving intergovernmental communication is critical. States encourage Federal agencies to take all appropriate measures to ensure that regulations are not delayed or modified in a manner that reduces the opportunity for feedback or establishes unrealistic timelines for implementation. Congress should address these needs by requesting USDA to implement a number of overarching operational changes including:

- Overhaul and strengthen the promotion and marketing of conservation programs and make greater use of Cooperative Extension and Land Grant partners in delivering educational outreach programs.
- Require its agencies to announce program availability at least 60 days in advance and provide for longer sign-up periods to accommodate individual farm and farmer circumstances. Funding availability and sign-up periods should be better synchronized with practice implementation needs and the applicable rules should be published far in advance of sign-up periods.
- Deploy and support its conservation operations; data base, monitoring and tracking systems; and field offices in a manner that supports and leverages the contributions of state and local government partners.
- Improve intergovernmental coordination by requiring Federal agencies to integrate fund allocation and conservation program decisions with those of state government.
- Allow program funds not utilized in any fiscal year to roll over for use in subsequent years.

Specific Programmatic Reforms

Beyond the operational reforms described above that apply across programs, we recommend the following changes to specific programs in order to maximize each program's environmental benefit and cost-effectiveness:

A. Conservation Title

Environmental Quality Incentives Program (EQIP)

- Establish cost-share rates that vary based on the level of economic and ecological benefit. Instead of using artificial limits on cost-share rates to spread out program dollars, require a rigorous approach to cost-effectiveness in the ranking of program proposals.
- Ensure that equine operations are eligible for nutrient management assistance.
- Encourage multi-farm, regional efforts to implement BMPs for water quality improvements.
- Modify the project ranking process to:
 - Reward higher levels of performance, including multiple resource benefits.
 - Reward cost-effective practices, tributary strategy practices.
 - Give higher priority to applications that include proven yet innovative tools and technologies for advanced nutrient management, precision agriculture and alternative uses of manure.
- Require USDA to develop expedited and limited paperwork procedures for producers willing to try out particular innovative management measures.

Conservation Reserve Program (CRP) and Conservation Reserve Enhancement Program (CREP)

The original purpose of CRP was to enhance soil and water quality by retiring highly erodible farmland from production. CREP, an off-shoot of CRP, is a voluntary land retirement program that helps farmers protect environmentally-sensitive land, decrease erosion, restore wildlife habitat and safeguard ground and surface water. Many states use the program to restore water quality through edge-of-stream practices. These edge-of-stream practices, such as wetlands and vegetative and forest buffers, are critical to the success of CREP to achieve water quality goals.

- Expand the amount of total CRP acreage available for CREP and continuous CRP.
- Use regional planning and strategic use of CREP (e.g., strategic wetlands in key areas).

FIGURE 5

Farm Bill Programs That Support Conservation

Agricultural Management Assistance Program
Biomass Research and Development
Bioenergy Program
Bio-Refinery Development Grants Program
Business and Industry Guarantee Program
Conservation Innovation Grants
Conservation Reserve Enhancement Program
Conservation Reserve Program
Conservation Security Program
Environmental Quality Incentives Program
Energy Audit and Renewable Energy Development Program
Farm and Ranch Lands Protection Program
Forest Legacy Program*
Forest Stewardship Program*
Forestland Enhancement Program
Grazing Lands Conservation Initiative**
Grassland Reserve Program
Renewable Energy/Energy Efficiency Program
Rural Business Enterprise Grants Program
Rural Economic Development Loan and Grant Program
Urban and Community Forestry Program*
Value-Added Producer Grant Program
Wetlands Reserve Program
Wildlife Habitat Incentive Program

*Authorized in the 1990 Farm Bill and now receive appropriations through the annual Interior Bill.

** Established in 1991, funding authorization is included in the 2002 Farm Bill; GLCI receives appropriations through the annual Agriculture Bill.

- Allow greater flexibility in establishing rental rates so payments better reflect local real estate values.
- Focus CREP on “partial field” rather than “whole farm” enrollments.
- Raise the CREP acreage caps in the six Bay watershed states in order for those states to meet their Tributary Strategy forest buffer mileage goals.
- Size riparian buffers to address water quality objectives.
- Increase the Federal cost-share percentage for forest

buffers to create greater incentives for participation in the practice.

- Increase funding for site preparation reimbursement to help producers control invasive/non-target vegetative species.

Conservation Security Program (CSP)

The following recommendations are in addition to the recommendations identified in our Top Priority No. 2.

- Establish CSP nationwide, without watershed limitations.
- Add eligibility for multi-year contracts for cover crops.
- Develop regional rankings based on clearly established needs and goals.
- Develop and incorporate a “Nutrient Index” into the ranking criteria so that there is a relative measure of a farm’s water quality benefits, similar to the soil quality benefits measured by the Soil Condition Index.

Farm and Ranch Land Protection Program (FRPP)

- Amend the authorizing language to recognize that the public benefits provided by FRPP are broader than just topsoil conservation.
- Direct USDA to make block grants to those states and localities that have well-established agricultural conservation easement programs. Those states that do not have well-established programs should continue under the current cooperative agreement protocol.
- Relieve USDA of responsibility of retaining reversionary interest in easements.
- Direct USDA to give higher priority or eligibility for enhanced “green payments” under other USDA conservation programs to farms enrolled in FRPP.

Wetlands Reserve Program (WRP)

- Reflect the conservation value of the wetland in program payments, not just its value as land in production.
- Maintain significantly higher payments for permanent easements.

Wildlife Habitat Incentives Program (WHIP)

- Favor wildlife practices that have multiple resource benefits, such as water quality, habitat and economic viability (e.g., the removal of stream obstructions provides passage, enhances in-stream and riparian habitat and reverses hydrological modifications that contribute to watershed instability).

B. Other Titles

Energy Title

- Increase authorized funding levels for Section 9006, the Renewable Energy/Energy Efficiency Improvements Program, which provides grants, loans and loan guarantees to farmers, ranchers and rural small businesses for the development of renewable energy projects and energy efficiency improvements.
- Increase funding for Section 9008, the Biomass Research and Development Initiative, which helps develop greater use of biomass products, biomass feedstock production and biomass processing and conversions while expanding markets for agricultural products.
- Increase funding for Section 9010, the Bioenergy Program, to promote industrial consumption of agricultural products for the production of ethanol and biodiesel fuels. The program encourages increased purchases of animal fats, agricultural by-products and oils for the purpose of expanding production capacity of bioenergy.

Forestry Title

- Congress should incorporate Title III of the Healthy Forest Restoration Act of 2003, which authorizes the Watershed Forestry Assistance Program, into the Forestry Title, and add the following changes:
 - Reauthorize authorities.
 - Increase funding authorization limits.
 - Provide the annual authorized appropriation levels.
 - Provide eligibility for large-scale watershed initiatives that target basin-specific water quality and land stewardship.
- Amend the Forest Stewardship Program to incorporate a CSP approach to program delivery including an element that provides for forestry cost-share practices.
- Authorize a Carbon Market Trading System to stimulate investments in reforestation, streamside forest buffers and healthy forest practices that provide ecosystem services.

Research Title

- Expand research directed toward finding more cost-effective methods to: control erosion; reduce nutrient pollution, including maximizing nutrient use efficiency and managing diet and feed; and accelerate the development of agricultural energy

solutions that incorporate agricultural products and manure as energy sources.

- Promote quantification of environmental and water quality benefits of all conservation practices and communicate findings to farmers and landowners.

Rural Development Title

- Explore regional opportunities for rural development grants to support sustainable, alternative uses of manure and litter.
- Provide funding for Value-Added Market Development Grants to meet producers' interests in start-up, farmer-owned, value-added processing facilities. This program allows grants to be made to establish centers that provide producers with needed technical assistance, marketing and development assistance for value-added agricultural businesses.

Partnering to Advance Needed Farm Bill Reforms

In conclusion, we are not alone in our efforts to address agricultural sources of pollution. In watersheds across the country, farmers, forest land

owners and ranchers are working with conservationists, business leaders and government agencies to control soil erosion, improve air and water quality, restore wetlands and wildlife habitat, manage forests and woodlots and protect productive farmland.

The Farm Bill reform recommendations advanced here are designed to enhance the economic viability of agriculture and forestry and to address agricultural sources of pollution affecting Chesapeake Bay water quality and living resources. We believe that they apply to watersheds in other regions throughout the country struggling with similar nutrient and sediment issues. For this reason, we invite Farm Bill stakeholders throughout the country to join with us in further refining these agricultural conservation concepts and in identifying additional opportunities in the Farm Bill that support the dual role of benefiting water quality and strengthening agriculture. We welcome the continued need for dialogue to improve program effectiveness and performance.

The goal of maintaining an economically viable and environmentally sound agricultural and forestry sector in our watershed and throughout the nation presents a daunting challenge for all. Please join us in crafting and advancing the concepts which will accomplish these shared goals and result in farm policy performing more effectively for farmers, forest landowners and the environment.

Appendix A

The Chesapeake Executive Council is indebted to a wide cross-section of individuals and organizations representing agricultural, forestry, conservation, academic and government interests who took time to share their thoughts and recommendations relative to Farm Bill reform opportunities. The organizations that contributed information and/or provided guidance are listed below:

A Adams County Conservation District (PA), Allen Family Foods, American Farmland Trust, American Forest Management, Anne Arundel County Soil Conservation District (MD), Audubon Pennsylvania **B** Baillet AG, Binghamton University, Bradford Conservation District (PA), Broome County Soil & Water Conservation District (NY), Brubaker Corporation **C** Canoe Susquehanna and Ironwood, Center for Rural Pennsylvania, Chemung County Soil & Water Conservation District (NY), Chenango Soil & Water Conservation District (NY), Chesapeake Bay Citizens Advisory Committee, Chesapeake Bay Foundation, Chesapeake Bay Program, Chesapeake Bay Scientific and Technical Advisory Committee, Chesapeake Wildlife Heritage, Chester River Association, Chowan Basin Soil & Water Conservation District, Colonial Soil and Water Conservation District (VA), Conservation Management Institute, Cooperative State Research, Education, and Extension Service Regional Mid-Atlantic Water Quality Program, Cornell Cooperative Extension (NY), Cornell University, Cortland County Soil & Water Conservation District (NY) **D** Davidson Capital, DC Department of Health, DE Department of Agriculture, DE Department of Natural Resources and Environmental Control, DE Nutrient Management Commission, DE Poultry, Defenders of Wildlife, Delaware Soil & Water Conservation District (NY), Delmarva Poultry Industry, Ducks Unlimited **E** Environmental Defense **F** Fairhill Farms, Friends of Back Creek, Friends of the North Fork Shenandoah River, Friends of the Rappahannock, Friends of the Shenandoah River **H** Herring Run Association **I** Izaak Walton League **J** J & L Shafer Farms, James River Association, John Marshall Soil & Water Conservation District (VA) **K** Keith Campbell Foundation **L** Lancaster Farmland Trust **M** Madison County Soil & Water Conservation District (NY), Mattaponi & Pamunkey River Association, MD Agricultural Leadership Team, MD Association of Soil Conservation Districts, MD Center for Agro-Ecology, MD Department of Agriculture, MD Department of Environment, MD Department of Natural Resources, MD Environmental Service, MD Farm Bureau, MD Grain Producers, MD Public Interest Research Group, MD State Builders Association, MD State Soil Conservation Commission, Mid-Atlantic Farm Credit, Milk Marketing Board **N** Nanticoke River Association, National Wild Turkey Federation, NJ Farm Bureau, Northeast Midwest Institute, NYS Department of Agriculture and Markets, NYS Department of Environmental Conservation, NYS Farm Bureau, NYS Soil and Water Conservation Districts **O** Onondaga County Soil & Water Conservation District (NY), Otsego Soil & Water Conservation District (NY), Oxfam America **P** PA Association for Sustainable Agriculture, PA Association of Conservation Districts, PA Department of Agriculture, PA Department of Conservation and Natural Resources, PA Department of Environmental Protection, PA Environmental Council, PA Farm Bureau, PA Fish and Boat Commission, PA Game Commission, PA State Conservation Commission, PA State Grange, PA Vegetable Growers, Patapsco River Association, PennAg Industries Association, Pennsylvania Infrastructure Investment Authority, Pennsylvania State University, Perdue AgriRecycle, Peter Francisco Soil & Water Conservation District (VA), Peters Orchards, Piedmont Environmental Council, Pilgrims Pride, Proctor & Gamble **Q** Quail Unlimited **R** Richard Enterprises, Inc., Richmond Times Dispatch, Rural Affairs Commission, Rustin Farms **S** Sassafras River Association, Schuyler County Soil & Water Conservation District (NY), Smithfield Foods, South Mountain Insurance Services, South River Association, Southern Environmental Law Center, Steuben County Soil & Water Conservation District (NY), Sun Trust Bank **T** Tankard Nurseries, The Annapolis Center, The Conservation Fund, The Food Trust, The Nature Conservancy, Tioga County Soil & Water Conservation District (NY), Tompkins Soil & Water Conservation District (NY), Trout Unlimited, Tyson Foods **U** University of Delaware, University of Maryland, Upper Susquehanna Coalition **V** VA Agribusiness Council, VA Association of Soil & Water Conservation Districts, VA Audubon, VA Beach Department of Agriculture, VA Conservation Management Institute, VA Conservation Network, VA Department of Agriculture & Consumer Services, VA Department of Conservation and Recreation, VA Department of Environmental Quality, VA Department of Game and Inland Fisheries, VA Farm Bureau, VA Outdoors Foundation, VA Pork Industry Board, VA Poultry Federation, VA State Dairymen's Association, VA State Soil Conservation Commission, VA State University, VA Tech, VA Wildlife Federation, Virginia Institute of Marine Science **W** Wenger Feeds, West River Association, Western PA Conservancy, Western VA Land Trust, WV Conservation Agency, WV Department of Agriculture, WV Farm Bureau, WV Poultry Association, WV University, Wyoming County Conservation District (PA) **Y** York County Conservation District (PA).

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The Chesapeake Executive Council wishes to acknowledge the work of the Chesapeake Bay Commission in the development of the draft recommendations and this report. For further information the Commission members and staff can be contacted at:

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