

## Comprehensive Questions and Answers

## **Conservation Security Program**

July 2004

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### Questions about the Program

#### **1. What is the Conservation Security Program (CSP)?**

CSP is a voluntary conservation program to support ongoing conservation stewardship of agricultural lands by providing payments to producers who maintain and enhance the condition of natural resources. CSP will identify and reward those farmers and ranchers who are meeting the highest standards of conservation and environmental management on their operations. In addition, CSP will create powerful incentives for other producers to meet those same standards of conservation performance. In short, CSP will reward the best and motivate the rest. Through these rewards and incentives, CSP will build a foundation of natural resource conservation that will provide benefits to the public for generations to come.

#### **2. How will the locally led process be used to carry out this program?**

State Technical Committees and local working groups will provide advice to the State Conservationist in the determination of rental rates, management intensities, enhancement payments, and providing local concerns and priorities. They will also play a part in the development of State program technical policies, payment related matters, outreach efforts, and other program issues.

#### **3. What's in CSP for wildlife?**

We anticipate that wildlife will be addressed through the enhancement provisions of the program. We are looking at a number of activities that can improve wildlife habitat and other important wildlife needs and we expect that wildlife will be a priority in many locations.

#### **4. How is CSP different from other USDA conservation programs?**

Other USDA conservation programs are designed to help farmers and ranchers address existing environmental problems by paying for a portion of the cost of needed conservation practices or structures; to keep land in farming or grazing by purchasing rights to part of the land, such as development rights through easements; or to retire environmentally sensitive land altogether, such as highly erodible land or wetlands. CSP is focused on those operations that already have addressed environmental problems, while keeping the land in production.

#### **5. How much money is available for CSP?**

Congress placed a cap on expenditures of only \$41.443 million for FY- 2004. We have designed the program to provide funding in a way that maximizes assistance to farmers and ranchers. For example, the President's budget request of \$209 million for CSP in FY-2005 will provide about \$1.7 billion in funding over the life of the contracts to farmers and ranchers. We are proud of what we are

accomplishing and look forward to making funding available to producers this year.

**6. What are CSP “tiers”?**

As described in the 2002 Farm Bill, tiers are designations that represent increasing levels of resource treatment. The program provides three tiers of participation that differ in contract length and total payments according to the amount of treatment and the portion of the agricultural operation being offered.

**7. How will NRCS determine the tier level of participation?**

Using the benchmark inventory and other application material, NRCS will determine if the applicant has met these minimum criteria.

**8. I understand that CSP is an entitlement program. Does this mean that anyone who develops an approved conservation plan will receive CSP payments?**

No. But anyone who meets the basic eligibility, qualification criteria, and documentation requirements for a CSP contract announced in the sign-up is eligible for a payment.

## Questions about Eligibility

**9. What are the eligibility requirements for CSP?**

*First*, the agricultural operation must be privately owned land or Tribal land, the majority of which must be located within a selected priority watershed.

*Second*, to be eligible, the applicant must be in compliance with highly erodible and wetland compliance provisions, have an active interest in the agricultural operation, and have control of the land for the life of the contract.

*Third*, the applicant must share in the risk of producing any crop or livestock and be

entitled to a share in the crop or livestock marketed from the operation.

There are certain tier eligibility and contract requirements as well:

- For Tier I, the producer must have addressed water quality and soil quality on part of the agricultural operation prior to application.
- For Tier II, the producer must have addressed water quality and soil quality on the entire agricultural operation prior to application and agree to address one additional resource concern by the end of the contract period.
- For Tier III, the producer must have addressed all resource concerns to a resource management system level on the entire agricultural operation before application into the program and agree to additional activities outlined in the sign-up announcement.

**10. What exactly do you mean by agricultural operation?**

Agricultural operation means all agricultural land and other lands determined by the Chief, whether contiguous or noncontiguous, under the control of the participant and constituting a cohesive management unit, that is operated with equipment, labor, accounting system, and management that is substantially separate from any other. The smallest part of an agricultural operation that could be offered for a Tier I contract is a field.

**11. Why are soil quality and water quality national criteria for the program?**

NRCS is emphasizing water quality and soil quality as nationally significant resource concerns because of the potential for significant environmental benefits from conservation treatment that improves their condition. To address these environmental goals and to help secure

our Nation's ability to produce food and fiber, we must now go beyond soil erosion control and direct our efforts to improvements in soil quality and water quality.

**12. Tier III participants must meet every natural resource concern prior to enrollment. Why?**

According to the Farm Bill Legislation, Tier III participants must meet all natural resource concerns prior to enrollment. Addressing all natural resource concerns is a measure of the level of outstanding stewardship required for Tier III participation. But all activities above these minimums are potentially eligible for enhancement payments once the producer enters the program.

**13. Why aren't producers who adopt diversified resource-conserving crop rotations, managed rotational grazing systems, or conservation buffers rewarded with enhancement payments?**

In some landscapes, these activities may be used to meet the minimum requirements for soil and water quality. There are also many cases where these practices and others will provide additional performance above the quality criteria for national priority and other resource concerns addressed. In these cases, the activities above the minimums would qualify for an enhancement payment.

**14. Will organic farmers automatically be eligible for the program?**

The land management plan required by the National Organic Program (NOP) does not necessarily meet the soil and water quality requirements. Each will be reviewed on a case-by-case basis. NRCS is generating a crosswalk between the regulatory NOP practices and NRCS Field Office Technical Guide (FOTG) practices to assure that certified growers get

appropriate credit for their NOP compliance.

**15. Why are only selected conservation practices available for the new practice payments?**

Many of the practices already are performed by eligible stewards either for highly erodible land compliance or to meet the soil quality and water quality eligibility requirements. Also, many of the structural practices to control animal waste are not allowed by law in CSP.

Consequently, the number of new practice payments is limited to a short high-priority list. State Conservationists will have an opportunity to tailor the list to meet the needs of local and State conditions, however.

Unlike the Environmental Quality Incentives Program (EQIP) and Wildlife Habitat Incentives Program (WHIP), CSP will emphasize producers who already have met the resource concern's minimum level of treatment, encourage them to do more, and reward them for their exceptional effort. CSP differs from existing programs by focusing on a whole farm planning approach. Programs such as EQIP do not.

**16. Why is NRCS implementing CSP on a watershed basis verses a nationwide basis?**

A staged, watershed-based implementation of CSP makes sense—economically, practically, and administratively. Here's why:

Focusing on high priority watersheds will reduce the administrative burden on applicants, and will reduce the costs of processing a large number of applications that cannot be funded.

NRCS expects that a significant number of producers will seek participation in CSP and ask for assistance to determine their potential eligibility for the program. By law, NRCS cannot incur technical

assistance costs in excess of 15 percent of the funds expended in that fiscal year for CSP. That constraint, coupled with a constricted Congressional appropriation, meant that only an estimated 300 CSP contracts could have been signed nationwide with producers in fiscal year 2004. But thanks to a resourceful programmatic approach, 3,000 to 5,000 contracts, it is estimated, will now be signed.

### **17. How many watersheds were chosen?**

This year, we selected 18 watersheds from across the Nation. Other watersheds will be selected each year, until landowners in every watershed have had a chance to participate. Every agricultural operation is in a watershed!

### **18. What is a priority watershed?**

NRCS will use watershed prioritization to determine specific areas eligible for accepting CSP applications in each sign-up. NRCS will nationally prioritize watersheds based on a score derived from a composite index of existing natural resource, environmental quality, and agricultural activity data. The watershed prioritization and identification process will consider several factors, including, but not limited to:

- Vulnerability of surface and ground water quality.
- Potential for excessive soil quality degradation.
- Condition of grazing land.

Selected watersheds would be announced in the sign-up notice.

### **19. Will producers in every watershed have an opportunity to participate?**

Yes. For 2004, 18 watersheds from across the Nation were selected. Other watersheds will be selected each year with the input of State Conservationists, until

landowners in every watershed have had a chance to participate.

### **20. Why not use county or State lines as the delineation for the sign-up area?**

Watersheds are nature's boundaries. They are also a common-sense way to group together producers working on similar environmental issues. They offer a chance to measure our environmental success in a way that State or county lines couldn't be expected to do. Using a watershed approach also will help ensure that CSP's finite resources are focused first on the most achievable environmental performance areas.

And since everyone lives in a watershed, as we rotate through the Nation's watersheds every farmer and rancher will get a chance to participate.

### **21. How will applications within a watershed be selected?**

All applications that meet the sign-up criteria within the priority watersheds will be placed in an enrollment category, regardless of available funding. Prior to each sign-up, the NRCS Chief will announce the categories. Those categories will then be eligible to be funded. The notice will include information about the projected number of applicants for enrollment in each category, projected expenditures for enrollees in the priority category, available funding and other revenue projected to be available for the sign-up, and results.

### **22. What are enrollment categories?**

The enrollment categories will be defined consistent with a producer's historic conservation performance, by resource concerns, levels of treatment, and a producer's willingness to achieve additional environmental performance. Other criteria, such as local conservation enhancement activities, limited resource producer designation, nutrient

management, pest management, and wildlife habitat creation and protection, may be used to further define categories.

**23. How will these enrollment categories be announced? Will there be a chance to comment?**

The categories were published with the first sign-up announcement on June 21, 2004, in the Federal Register. The sign-up notice is available at: <http://www.nrcs.usda.gov/programs/farmbill/2002/pdf/CSPSignup.pdf>. In future years, prior to each sign-up, the NRCS Chief will announce the categories and the order in which categories are eligible to be funded. The enrollment category process is explained in the interim final rule which is open for a 90-day comment period.

**24. Who will determine my eligibility?**

NRCS will determine producer and land eligibility.

**25. Do I need to participate in commodity farm programs to be eligible?**

Participation in CSP does not require participation in commodity farm programs. However, there is a requirement of compliance with highly erodible land (HEL) and wetland provisions (HEL, sodbuster, and swampbuster) of the Food Security Act of 1985.

**26. Are my commodity payment limitations affected if I receive CSP payments?**

No. Commodity payment limitations are not affected by receiving payments under CSP.

**27. Will this program replace commodity payments?**

CSP, as it is authorized in the 2002 Farm Bill, does not replace or limit commodity payments in any way, nor does participation in commodity programs—or lack of participation—in any way affect a

producer's ability to apply or be selected for CSP.

**28. I cash rent all my land to tenants; am I eligible to apply for CSP?**

No. The 2002 Farm Bill requires that producers who apply for CSP share in the risk of the crop or livestock produced. In this case, the tenants, who accept all the risk of production, are the potential applicants for this land. But, the landlord is eligible for a part of the payment as worked out with the tenant.

**29. Are there any provisions for helping limited resource farmers?**

CSP is a flexible program that is size neutral; it is not necessary to be a large or well-established farmer to be a good steward of the land. Also, there are opportunities to structure enhancement payments to special local conditions and needs, which could include farmers with limited capital resources. NRCS plans to have a separate enrollment subcategory for limited resource farmers when funding is not adequate to support complete enrollment categories.

**30. Will I get the help I need to participate?**

Yes. The staged approach using priority watersheds will allow existing agency staff and private technical service providers to more thoroughly assist landowners who apply during the CSP sign-up, as well as those landowners who will be seeking technical assistance to ready their farms and ranches for subsequent sign-ups.

## Questions about Participation

**31. Why will CSP have sign-up periods, rather than a continuous sign-up?**

Sign-up periods have been created in order to provide for a planned workflow for program implementation and for ensuring

that budget limits are not exceeded. In addition, the rotation of eligible watersheds necessitates a schedule whereby producers can apply during the appropriate watershed's period of eligibility.

### **32. What is the process for applying for CSP?**

Access the CSP Self-Assessment Workbook either online or by picking up a hard copy at the local USDA Service Center in a selected watershed.

1. Using the workbook, producers:
  - Determine whether they meet the basic eligibility requirements
  - Document their stewardship work to date
  - Prepare a benchmark inventory documenting conservation treatments they have undertaken so far
2. Submit the completed workbook to the Service Center during the sign-up period.
3. Meet with NRCS personnel to go over any additional documentation.
4. NRCS determines the enrollment category for which the producer qualifies.
5. Finally, NRCS will select the categories to be funded for CSP contracts.

### **33. How are producers expected to address water and soil minimum requirements in order to be eligible for CSP?**

Conservation systems developed for the purpose of meeting the minimum requirements for water quality and soil quality will vary depending on site characteristics including: slope, climate, soil texture and other soil characteristics, and agricultural operation management considerations.

### **34. Will I have to compete with other applicants for funding?**

No. By statute, applicants do not compete with one another. However, NRCS will use enrollment categories to determine a funding hierarchy due to budgetary limits and statutory constraints on technical assistance. NRCS will nationally fund applications based upon the priority ranking. Prior to sign-up, NRCS will announce the order in which categories will be funded.

### **35. If I have multiple landlords, how will this affect me in regard to CSP?**

The CSP contract will be between USDA and those who have day-to-day management responsibilities for the land. The applicant will be responsible for any arrangements between tenant and landlord. However, it will be necessary for managers to assure that they have control of the land for the duration of the contract (5-10 years) and will therefore be able to carry out the stewardship as specified in the contract.

### **36. What do I need to be doing now to qualify for future sign-ups?**

You could fill out the CSP Self-Assessment Workbook and do an inventory of the conservation practices and work you have done on your land. In addition, you can always look to NRCS and our technical guides to see what the expected level of treatment for your particular kind of land or setting might be. You could visualize the level of treatment of your current conservation system and compare it to resource criteria described in the NRCS technical guides.

### **37. Can I use EQIP to do work needed to eventually qualify for CSP?**

Yes. You also can use other USDA programs, including conservation technical assistance, as well as any appropriate State or private programs to

arrive at the high level of stewardship necessary to participate in CSP.

**38. How will CSP allow us to explore new and innovative technologies in the farm conservation arena?**

The enhancement provisions of CSP in particular will allow us to address new and emerging technologies in soil, water, energy, nutrients, pest management, and other areas. For example, CSP can help cover the cost of projects that demonstrate new technologies or research promising methodologies. New and innovative practices may be made available for cost-share. We are excited about the opportunities that CSP can provide through enhancements to not only look at these new technologies, but also to provide conservation funding for assessment and evaluation to see what works best to help agriculture improve environmental concerns.

**39. Doesn't the proposal restrict access to only those farmers who have already addressed all their major conservation needs?**

No. Soil quality and water quality are only two of a full range of natural resource concerns that may be addressed on the Nation's landscapes. Some other concerns include water quantity, air quality, and plants and animals, both domestic and wildlife. Qualified applicants can receive enhancement payments for addressing these additional concerns.

**40. Why do I need to show control of the land for the length of the contract period?**

To succeed in maintaining the long-term environmental benefits on the land, the producer must provide documentation to assure control of the land for the length of the contract period.

**41. What if I rent all or part of the land and my landlord cannot be persuaded to provide a degree of tenure security on that part of the operation? Can I still receive CSP payments?**

CSP will provide for fair treatment for tenants, allowing a tenant's CSP contract to exclude such land entirely, or allowing the farmer or rancher to receive CSP payments on land meeting CSP standards as long as the tenant controls the land.

## Questions about Payments

**42. What determines a producer's level of payment if the producer qualifies for CSP?**

CSP contract payments include one or more of the following, with total payments being limited by the tier of participation:

- An annual stewardship component for the benchmark level of conservation treatment.
- An annual existing practice component for those maintaining existing conservation practices.
- An enhancement component for exceptional conservation effort and additional conservation practices or activities that provide increased resource benefits beyond the prescribed level.
- A one-time new practice component for additional needed practices.

**43. What conservation practices will be eligible for payment?**

While many practices within the NRCS FOTG are potentially eligible for payment, NRCS has proposed that the eligible practice list be reduced to those practices that provide the largest program benefit. The lists are tailored to each watershed and posted on the Web and in the watershed field offices.

#### **44. What are enhancement payments?**

Enhancements refer to payments for exceptional conservation effort and additional conservation practices or activities that provide increased resource benefits beyond the prescribed level. There are five types of enhancement activities:

- The improvement of a significant resource concern to a condition that exceeds the requirements for the participant's tier of participation and contract requirements.
- An improvement in a priority local resource condition, as determined by NRCS, such as water quality and wildlife.
- Participation in an on-farm conservation research, demonstration, or pilot project.
- Cooperation with other producers to implement watershed or regional resource conservation plans that involve at least 75 percent of the producers in the targeted area.
- Implementation of assessment and evaluation activities relating to practices included in the conservation security plan, such as water quality sampling at field edges, drilling monitoring wells and collecting data, and gathering plant samples for specific analysis.

#### **45. Are enhancement payments only for certain tiers?**

All three tiers include enhancement payments for exceptional conservation effort and additional conservation practices or activities that provide increased resource benefits beyond the prescribed level.

#### **46. What are the payment limitations for each contract?**

- For Tier I, contracts are for 5 years; maximum payment is \$20,000 annually.
- For Tier II, contracts are for 5-10 years; maximum payment is \$35,000 annually.
- For Tier III, contracts are for 5-10 years; maximum payment is \$45,000 annually.

#### **47. Is there a limited number of acres a landowner can offer?**

No. However, base payments, which are acreage related, are capped within the contract.

#### **48. Do I get a payment every year?**

Yes. Payments are made annually for the life of the contract.

#### **49. How does the payment schedule work?**

The participant would begin with the basic payment for the entry level of stewardship. As the participant completes additional conservation, the payment would increase as outlined in the contract.

#### **50. How will payment limitations work? Will they be on a per farm basis? A per person basis? A per entity basis? How will this be defined?**

Contract limits are set for CSP on a per contract basis as identified in the Farm Bill. Each contract is tied to an agricultural operation, as the term is defined in the rule. Basically, this term includes all agricultural land and other lands determined by the Chief of NRCS, whether contiguous or non-contiguous, that are under the control of the participant (see rule for complete explanation).

**51. How did NRCS determine the base (stewardship) payment system?**

NRCS has designed an alternate base payment system using statistical techniques in an analysis of the 2001 American Foreign Investment Disclosure Act (AFIDA) land value survey, NASS rental rates, and the 2001 CRP continuous sign-up cropland rental rate data along with a reduction factor of 0.25 for Tier I, 0.50 for Tier II, and 0.75 for Tier III. These three data sources were used to estimate each county's stewardship rate by land type. Missing data were estimated from surrounding data. The actual procedure for each land type varied depending upon available data for each land type, but was applied consistently throughout the country. A smoothing function was then applied to reduce differences in values among neighboring counties. The data was then reviewed by the State Conservationist to resolve any data inconsistencies.

***For More Information***

If you need more information about CSP, please contact your local USDA Service Center, listed in the telephone book under U.S. Department of Agriculture, or your local conservation district. Information also is available on the World Wide Web at: <http://www.nrcs.usda.gov/programs/farmbill/2002/>



Visit USDA on the Web at:  
<http://www.usda.gov/farmbill>

**Note:** This is not intended to be a definitive interpretation of farm legislation. Rather, it is preliminary and may change as USDA develops implementing policies and procedures. Please check back for updates.