The 2002 Farm Security and Rural Investment Act (FSRIA) establishes a new program entitled the Conservation Security Program (CSP). This program is the first time that a farm bill has contained provisions for “green” payments. CSP provides incentive payments for implementing conservation practices on working land.

The language for CSP is in Title II, Subtitle A of FISRA (pp 94 – 104). The program runs from FY03 to FY07 and is funded at $2 billion. CSP is designated as an entitlement program meaning the funds must be available for any producer who wishes to participate.

The purpose of CSP is to “assist producers of agricultural operations in promoting ... conservation and improvement of the quality of soil, water, air, energy, plant and animal life and other conservation purposes as determined by the Secretary.”

To achieve these purposes the CSP uses a three tiered approach. The producer will voluntarily choose the tier for participation. The producers must have an approved conservation security plan to be eligible.

CSP is available for all crop, grassland, prairie, improved pasture and rangeland except land in the CRP, WRP, the Grassland Reserve Program and land used for cropland that had not been planted for at least four of the past six years. There are some special provisions whereby a producer could simultaneously participate in the CRP or WRP and the CSP but only with approval of the Secretary and a reduction in the CSP payment. In addition, only forested land that is incidental to the agricultural operation is eligible.

The CSP covers costs for adoption of new management, vegetation, and land based structural practices. In addition, CSP will also cover costs for maintenance of existing land management and vegetative practices. The CSP does not allow payment for maintenance of existing structures if the structures are already covered by a maintenance requirement.

The payments for the CSP are composed of two parts. First, there is a base payment. The base payment is based on the average national per acre rental rate for a specified use during 2001 or an appropriately adjusted rate to ensure regional equity.

The second portion of the CSP payment is the average county cost of adopting or maintaining the practice for the 2001 crop year. Average county costs are determined by the Secretary.

**Tier I** is the base level of participation in CSP. At this level the farmer signs a five-year plan that addresses at least one resource of concern for the enrolled portion of the agricultural operation. The farmer is paid 5 percent of the base payment plus 75 percent for the cost of the practice chosen. A beginning farmer receives 90 percent of the practice cost.

**Tier II** is a second level of participation. The farmer signs a 5 to 10 year contract that addresses at least one resource of concern for the entire agricultural operation. The farmer is paid 10 percent of the base payment plus 75 percent (90 percent for beginning farmers) of the average cost for the practices chosen.

**Tier III** is the highest level of participation. In this tier the farmer signs a 5 to 10 year plan that applies a resource management system address-
ing all resources of concern for the entire agricultural operation. The farmer is paid 15 percent of the base payment plus 75 percent (90 percent for beginning farmers) of the average practice costs.

The maximum annual payment for Tier I is $20,000. For Tier II the maximum, annual payment is $35,000 and for Tier III the maximum, annual payment is $45,000.

Farmers are eligible for enhanced payments if they do extra activities. These activities include using multiple conservation practices, participating in research, demonstrations or pilot projects, and carrying out an assessment of their plan.

It is important to remember that CSP covers new practices as well as maintenance of existing practices. There are a number of eligible practices including nutrient management, integrated pest management, residue management, air quality, energy, rotations, and others.

The CSP contracts can be modified at any time with approval by the Secretary and producer. In addition, they may be terminated, by the producers, without having to refund payments received, if the farmer is in compliance with the terms of the contract at the time of termination. Finally, if there is a change in the land tenure interest the contract is terminated unless the new operator agrees to the contract continuation and there is written notification given within 60 days.

The CSP represents a significant change in the approach to the government farm programs. It could represent a boost to farmers’ income. The national average cropland rent in 2001 was $71 per acre. Assuming this is the price used, a farmer in Tier I would receive $3.55 per acre for the base payment. If the practice cost was $10 per acre, for example, the farmer would receive an additional $7.50 per acre. The total payment, then, would be $11.05 per acre. This amount could be increased if the farmer participated in any of the activities for enhanced payment.

At this writing the final rules have not been written. The NRCS handbook will be used to identify the eligible practices. The State Conservationist, in consultation with others, will determine the resources of concern for an area. The law states that the rules must be written within 270 days of enactment of the bill.

### Table 1: Summary of Conservation Security Program Participation Levels

<table>
<thead>
<tr>
<th>Tier</th>
<th>Base Pay Rate*</th>
<th>Length</th>
<th>Maximum Annual Payment</th>
<th>Minimal Requirements**</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>5%</td>
<td>5 years</td>
<td>$20,000</td>
<td>address one resource of concern on enrolled portion</td>
</tr>
<tr>
<td>II</td>
<td>10%</td>
<td>5 – 10 years</td>
<td>$35,000</td>
<td>address one resource of concern for entire farm</td>
</tr>
<tr>
<td>III</td>
<td>15%</td>
<td>5 – 10 years</td>
<td>$45,000</td>
<td>system for all resources of concern for entire farm</td>
</tr>
</tbody>
</table>

* Base payment is 2001 national average rental rate for a specified use or an appropriately adjusted rate to ensure regional equity.

** Resource of concern determined at the state level.