



December 10, 2015

Jason Weller, Chief
Natural Resources Conservation Service
U.S. Department of Agriculture
Washington, D.C. 20250

Dear Chief Weller:

The National Sustainable Agriculture Coalition (NSAC) appreciates NRCS's recent decision to delay the Conservation Stewardship Program (CSP) overhaul by one year, with a new roll-out scheduled for Fiscal Year (FY) 2017. We believe this revised timeline will give the agency time to incorporate input from key stakeholders, and we look forward to actively supporting and working with NRCS throughout the revision process.

Based on what we know about the proposed updates, we are optimistic that these changes have the potential to make CSP more transparent, more accessible, more flexible, and more farmer-friendly. However, recognizing that the updates will not go into effect until FY 21017, we believe there are several key improvements that can still be incorporated for the upcoming FY 2016 sign-up period.

We therefore re-submit the following recommendations and comments for the 2016 CSP sign-up period, which you have seen previously, as well as recommendations for engaging with stakeholders and preparing for outreach around the updated program in 2017.

Many of the proposals for FY 2016 lean heavily on the Conservation Innovation Grant (CIG) – *Integrating Sustainable and Organic Agriculture into NRCS Programs*, which NSAC and ten of our member organizations received to provide advice and assistance to NRCS on how to serve sustainable and organic farmers more effectively through technical assistance and working land conservation programs.

We would be happy to discuss any of these recommendations further before the 2016 sign-up begins, and we look forward to working with NRCS over the course of the next year in preparation for the roll-out of the updated CSP in FY 2017. We plan to follow up with additional comments and feedback as more information becomes available.

Thank you for considering our recommendations.

Sincerely,

Ferd Hoefner
Policy Director

Alyssa Charney
Policy Specialist

**Conservation Stewardship Program
Recommendations for Fiscal Year 2016 Implementation and
Planning for Fiscal Year 2017 Overhaul**

2016 RECOMMENDATIONS

As you are well aware, the purpose of CSP is and always has been to reward producers for their commitment to advanced conservation systems and for the conservation and environmental performance of those systems. As mandated by statute, NRCS must preserve CSP's unique focus on conservation performance and environmental benefits.

We look forward to learning more about how the new screening and ranking system will continue to maintain CSP's performance-based identity in FY 2017, but there are several updates to the program, as described below, that NRCS can still implement prior to the FY 2016 enrollment period to strengthen CSP's ability to reward environmental benefits.

Payments for conservation planning, beneficial soil health activities, support for organic transition, increased points for key enhancements, as well as a minimum conservation benefit threshold for eligible activities offer a clear path forward for NRCS to ensure that CSP supports and rewards the best stewards in FY 2016. The changes described below, with corresponding and previously submitted detailed proposals in Appendix A, identify simple adjustments, all supported by existing statute, which NRCS can make to CSP for the FY 2016 enrollment period.

a. Comprehensive Conservation Planning

We strongly urge NRCS to implement the supplement payment option for comprehensive conservation planning in time for the FY 16 sign up, as included in the 2014 Farm Bill. Congress provided clear instruction for NRCS to offer payments for conservation planning, which can play an incredibly important role in helping a farmer select the best and most appropriate enhancements for their operation. Planning enhances the conservation cost-effectiveness of individual contracts and CSP as a whole, and producers who undertake comprehensive conservation planning as a part of their overall CSP contract should receive financial and technical assistance from NRCS. A model for this planning and payment structure already exists in the Conservation Activity Plans (CAPs) in NRCS's Environmental Quality Incentives Program (EQIP). See Appendix A for a detailed proposal on conservation planning.

b. Support Soil Health through CSP Activities and Payments

Resource-Conserving Crop Rotations (RCCRs) are among the most effective systems for improving soil health. In addition to RCCRs, Intensive Rotational Grazing provides an opportunity for livestock producers to implement practices with similar soil health benefits. Despite the availability of these enhancements, CSP is not receiving recognition for what it can deliver for soil health. NRCS should widely promote CSP as the leading program for farmers looking to adopt cover crops, diversify production, and improve soil health, and should strongly encourage the adoption of RCCRs. To help ensure that RCCRs are attractive to farmers, NRCS should increase the supplemental payment rate from \$12 to \$20 per acre to incentivize adoption and reward the farmers' investment. NRCS should also highlight and promote management intensive rotational grazing,

with robust ranking and payment considerations for livestock producers who adopt this enhancement. See Appendix A for a detailed proposal on these critical soil health activities.

c. Raise Scores and Payment for Organic Transition

CSP has enormous potential to service sustainable and organic operations by offering a rich array of conservation activities that are suited to these systems. In particular, transitioning to organic producers face unique conservation challenges, and CSP can provide them with much needed support through conservation practices and technical assistance. Unfortunately, the existing scoring and payment systems for the two organic transition enhancements (transition to organic cropping and grazing) grossly undervalue their conservation benefits, and this is clearly reflected in low adoption rates of these enhancements. NRCS should increase the environmental benefit scores for WQL20 (transition to organic cropping) and WQL19 (transition to organic grazing) in order to appropriately reward the conservation benefits achieved through organic transition in FY 2016. See Appendix A for a detailed proposal on these organic transition enhancements.

d. Increase Environmental Benefit Scores for key Enhancements

There are several key activities that offer valuable benefits and opportunities for sustainable systems, but unfortunately many of these enhancements currently receive environmental benefit scores that are far too low in relation to their conservation benefits and required producer investment. Given that the enhancements offered through CSP will undergo a major restructuring for FY 2017, the FY 2016 enrollment period presents an opportunity for NRCS to make the simple adjustment to these enhancements, in order to ensure that payments provide appropriate incentive for producers to adopt these enhancements that offer high levels of stewardship. See Appendix A for a detailed proposal on the enhancements that should be revisited and rescored with a higher point value for FY 2016.

e. Minimum Threshold of CPPE points for all Enhancements

CSP enhancements are assigned conservation benefit scores based on the overall level of expected conservation and environmental benefits from adoption, as determined by NRCS's "conservation practice physical effects (CPPE) system. These conservation benefit scores are the heart of CSP's performance-based identity, and so it is disconcerting that there remains a strong disconnect between the most frequently selected enhancements and the highest ranking enhancements. This divide is also further exacerbated by the fact that there is no minimum threshold of enhancement points.

The lack of a minimum CPPE threshold unfortunately makes it possible for producers to meet the additionality requirement by selecting one or two relatively low-bar new activities. We urge NRCS to ensure that CSP additionality requirements cannot be met through this process. The inclusion of a minimum score threshold would not only help ensure that all contracts yield substantial additional conservation benefits, but it would also help producers think of their farm in a systems-based context and consider what fits within their system rather than simply reverting to what is easy. See Appendix A for a detailed proposal on the importance of a minimum threshold of CPPE points for all enhancements.

2017 PROGRAM UPDATES

The revised timeline for the refresh presents an opportunity for NRCS to develop and implement revisions that accurately reflect the concerns of producers, field staff, and key partners. NRCS should engage in a transparent overhaul process that provides room for stakeholders to provide feedback on the proposed changes.

We plan to submit comprehensive recommendations over the course of the next six months, and we hope to engage with NRCS around how applications will be ranked, scored, and rewarded. We look forward to learning the specifics of revised payment formulas, in order to understand how CSP will retain its critical performance-based identity.

Additionally, we would like to directly engage with NRCS on the new plan of linking all enhancements to specific practice standards. We applaud this effort to ensure that CSP participants truly go above and beyond in their level of stewardship, but we will be looking to NRCS for assurance that the interpretation of this new requirement does not eliminate key enhancements that already support exceptional stewardship.

Finally, by this spring, we urge NRCS to have an outreach strategy in place for engaging with farmers and ranchers on the new program to be rolled out for FY 2017. This outreach strategy should be implemented in the summer and early fall, and should include stakeholder meetings, feedback from key partners, and transparency regarding the proposed enhancement and payment structures.

While we realize that it will take additional months to finalize all details of the overhaul, it is absolutely essential that NRCS have a concrete plan in place to ensure that potential applicants, contract holders up for renewal, and NRCS field staff are all fully informed about the upcoming changes.

APPENDIX A
Full Proposals for FY 2016 CSP Recommendations

a. Comprehensive Conservation Planning

The 2014 Farm Bill retained the existing definition of “conservation activity” as including “planning needed to address a priority resource concern.” Moreover, the Managers’ Statement included important language that clarifies that planning “has an inclusive plain language meaning to encompass, for example, conservation planning. The Managers recognize that in developing a conservation plan, a producer incurs significant costs in time, labor, management, and forgone income.” This important clarification authorized NRCS to provide financial and technical assistance for producers who want to undertake comprehensive conservation planning as part of their overall CSP contract. We were distressed that this was not implemented for FY 2015, but believe FY 2016 presents an opportunity to strengthen the inherent linkage between CSP and conservation planning.

Given Congress’s clear instruction to provide payments for these types of activities, and the incredibly important role they can play in helping a farmer select the best and most appropriate enhancements for their operation, thereby enhancing the conservation cost-effectiveness of individual contracts and CSP as a whole, we strongly urge the agency to implement this option.

Recommendation: Complete the supplement payment option for comprehensive conservation planning in time for the FY 16 sign up, as originally planned. This plan could be modeled after the Conservation Activity Plans (CAPs), which NRCS is currently using in the Environmental Quality Incentives Program (EQIP) that allow producers to get quality plans done through technical service providers.

These CAPs allow producers to get quality plans done through technical service providers; plans which meet NRCS standards. NRCS has been critically short of technical funds for years, and the advantage of CAPs is that financial assistance can be used to pay for technical assistance. The producer benefits because he or she can get a professional plan done quickly; NRCS benefits because some of the workload is taken off the field staff.

We envision a similar offering being available in the CSP. Because the CSP is focused on higher level stewardship and requires both additionality and continual improvement (renewal option), providing producers with a comprehensive conservation planning enhancement would both identify and accelerate the implementation of on-farm conservation activities. We understand that this activity could not become a CSP enhancement within the CMT, but rather would take the form of a separate, additional contract payment for any producer choosing this option.

We also recommend setting a sliding scale payment rate for the contract payment, with a minimum payment of \$1,000 and a maximum of \$3,000. We envision the comprehensive plan covering at a minimum all of the priority resource concerns for a given region, though it would also be sensible for the plan to also cover any additional site-specific resource concerns or resource objectives of the producer. The number of resource concerns addressed in the comprehensive plan would be one factor determining the payment rate, but so too would be the complexity of the farming operation, including the number of crop and livestock species and the number of farming enterprises. In other words, we would base the rate on the complexity of the plan, not the number of acres in the operation.

b. Support Soil Health through CSP Activities and Payments

Resource-Conserving Crop Rotations (RCCRs) are among the most effective systems for addressing soil health, and we are pleased that NRCS wasted no time implementing the 2014 Farm Bill language that authorizes supplemental payments for producers who adopt or *improve* such systems.

However, providing an appropriate payment rate is imperative to the successful adoption and maintenance of this practice. Under existing authority, “the supplemental payment is set at a rate *needed to encourage a producer to adopt a resource conserving crop rotation* and will be based, to the maximum extent practicable, *on costs incurred and income forgone by the participant and expected environmental benefits*, determined by estimated conservation performance using the Conservation Measurement Tool (CMT).

The current \$12 per acre rate for RCCRs is inadequate given that increasing land values, rental values, and costs of inputs continue to place upward price pressure on farm owners and operators. Even the best stewards of the land must ensure that conservation activities remain financially feasible in order to be sustainable, and the agency’s decision to reduce supplemental payment rates for RCCRs is inappropriate. The newer rate fails to accurately reflect the value of RCCRs and the costs and forgone income incurred by farmers diversifying their rotations with the addition of resource-conserving crops.

While we do not yet have enhancements data from FY 2015, only 21 producers included RCCRs as part of their CSP contract in FY 2014, clearly reflecting the fact that NRCS lowered the supplement payment rate from \$18 to \$12 per acre

In addition to RCCRs, Intensive Rotational Grazing (PLT16) provides an opportunity for livestock producers to implement practices that offer similar soil health benefits. PLT16 can result in better vegetation and soil conditions, improved nutrient cycling efficiency and water quality, and net carbon sequestration in soil profile. Ranchers should be encouraged to use these and several other grazing-related enhancements for their soil health benefits. Unfortunately, PLT16 enhancement was also infrequently adopted in FY 2014, as only 20 producers included management intensive rotational grazing in their contracts.

Recommendation: NRCS should widely promote CSP as the leading program for farmers looking to adopt cover crops, diversify production, and improve soil health, and should strongly encourage the adoption of RCCRs. To help ensure that RCCRs are attractive to farmers, NRCS should increase the supplemental payment rate for adopting or improving an RCCR from \$12 and \$20 per acre, and should increase the ranking and payment credit for actively managing ongoing RCCRs.

For livestock producers, NRCS should highlight and promote management intensive rotational grazing, with robust ranking and payment considerations for the grass-based agriculture equivalent on the animal side to RCCRs on the crop side.

NRCS should reassess and rescore the environmental benefit score for RCCRs and Intensive Rotational Grazing (PLT16) to sufficiently reward the soil health benefits, as well as the intense labor and investment required for these conservation activities.

c. Raise Scores and Payment for Organic Transition

CSP has enormous potential to service sustainable and organic operations by offering a rich array of conservation activities that are suited to these systems. In particular, transitioning to organic producers face unique conservation challenges, and CSP should provide them with much needed support through conservation practices and technical assistance. Farmers who transition to organic production take on significant costs, yet the organic premium is not yet reflected in their sales during the transition period.

Although CSP does not have a separate pool for organic producers, many organic or transitioning to organic are very likely to have extensive conservation systems already in place at the time of the application. This means that organic and transitioning to organic producers are extremely well suited to participate in CSP, but there is much more that can be done to incentive their participation and support the transition of additional producers to organic production.

Over the course of the past three years (FY 2013 – FY 2015) less than 20 transitioning to organic producers participated in CSP each year, illustrating the lack of incentive for transitioning to organic producers to participate in CSP, despite the clear opportunity that the program offers for these producers. Given that CSP is an advanced stewardship program, it should provide enhancements and incentives that highlight organic and transition options to encourage participation from these groups.

Making a transition to organic cropping or grazing entails a high level of commitment to land stewardship with multiple benefits cited in these enhancements, including soil quality, water quality, wildlife, and livestock health. Two available enhancements are designed to support this transition – Transition to Organic Cropping (WQL20) and Transition to Organic Grazing (WQL19), but unfortunately these activities have been underutilized due to a lack of incentive in recent years.

The scores for these transition enhancements (WQL20 and WQL19) grossly undervalue their conservation benefits. In FY 2015, WQL20 received an environmental benefit score of 25 points and WQL19 received an environmental benefit score of only 20 points. This point system all but assures that the program will be irrelevant for farmers contemplating the dramatic change of transitioning to organic production, despite the huge upsides for environmental performance. While enhancement data is no yet available for FY 2015, the FY 2014 sign-up data illustrates the lack of incentive for organic producers, as only 5 farmers selected WQL20, and there were no contracts that included the adoption of WQL19.

Recommendation: NRCS should increase the environmental benefit scores for WQL20 and WQL19 in order to appropriately reward the conservation benefits achieved through organic transition. The current scores grossly undervalue that effort that must be invested through these enhancements, discouraging transitioning to organic producers from participating in CSP. We encourage NRCS to at least double the existing scores for WQL20 and WQL19, and to actively promote the opportunity for transitioning to organic producers to participate in CSP.

d. Increase Environmental Benefit Scores for Key Enhancements

In addition to the organic transition enhancements previously discussed, there are several key enhancements that offer valuable benefits and opportunities for sustainable systems. Unfortunately, many of these enhancements receive environmental benefit scores that are far too low in relation to their conservation benefits and required producer investment. The low scores are reflected in low adoption rates, demonstrating a lack of incentive for the best stewards.

Given that enhancements will undergo a major restructuring for FY 2017, the FY 2016 enrollment period presents an opportunity for NRCS to make the simple adjustment to these enhancements to ensure improved adoption rates and stewardship benefits. The following enhancements currently have scores that are significantly undervalue the corresponding conservation benefits and producer investment:

- Replace Burnings of Prunings, Removals, or Other Crop Residues with Non-Burning Alternatives (AIR03) – The environmental benefits of this practice are considerably higher than the corresponding 8 points would suggest, especially given that prunings may be returned to the soil as mulch or compost, adding additional organic matter to the soil. – *11 contracts in FY14*
- Incorporate Native Grasses and/or Legumes into 15% or more of Herbage Dry Matter Productivity (ANM03) – The multiple benefits of this enhancement include soil fertility, biodiversity, wildlife habitat, food for pollinators, forage quality, quantity, and duration are extensive and should merit an environmental benefit score higher than the 17 points currently awarded. – *24 contracts in FY14*
- Grazing management to Improve Wildlife Habitat (ANM09) – This enhancement was only awarded 18 points, which sharply contrasts with other grazing and wildlife practices, such as ANM37, which provide similar conservation benefits. – *26 contracts in FY14*
- On-Farm Forage Based Grazing System (ANM29) – This enhancement includes better manure distribution, improved nutrient cycling, soil quality, and energy conservation should merit a higher score than the awarded 16 points. – *21 contracts in FY14*
- Multi-Story Cropping, Sustainable Management of Non-Timber Forest Plants (PLT22) – This enhancement carries multiple benefits including decreased pest outbreaks, decreased pesticide use, and improved water quality. These benefits should be conveyed through a point assignment significantly higher than 10 points. – *12 contracts (PLT05) in FY14*
- Intercropping to Improve Soil Quality and Increase Biodiversity (SQL08) – The benefits gained through this enhancement include improved soil quality, water quality, and wildlife habitat and merit a higher score than the 24 points currently awarded. – *11 contracts in FY14*
- Non Chemical Pest Management for Livestock (WQL18) – This enhancement provides benefits of animal health and improved water quality, as it also avoids chemical control strategies and incorporates rotational grazing and multi-species grazing to disrupt pest life cycles. Its adoption merits a higher score than 17 points – *12 contracts in FY14*

Recommendation: NRCS should reassess that the enhancements listed and consider higher scores to reflect their true conservation benefits and required producer investment for FY 2016.

e. Minimum Threshold of CPPE points for all Enhancements

CSP enhancements are assigned conservation benefit scores based on the overall level of expected conservation and environmental benefits from adoption for soil quality, water conservation, water quality, air quality, energy conservation, wildlife habitat, and biodiversity, as determined by NRCS's "conservation practice physical effects (CPPE) system. These conservation benefit scores are the heart of CSP's performance-based identity, and so it is disconcerting that there remains a strong disconnect between the most frequently selected enhancements and the highest ranking enhancements. For example, an analysis of enhancements selected in FY 2014 revealed that only 3 of the most commonly selected enhancements were above the median environmental benefit score of 26. Additionally, there is no overlap between the ten most commonly selected enhancements and the ten highest scoring enhancements.

This divide between environmental benefits and enhancement adoption is also further exacerbated by the fact that there is no minimum threshold of enhancement points. The lack of a minimum threshold unfortunately makes it possible for producers to meet the additionality requirement by selecting one or two relatively low-bar new activities.

As we explained in our CIG project recommendations, our experience with and analysis of CSP reveals that there are producers who meet the additionality requirement by selecting one or two relatively low-bar enhancements. This is potentially damaging to the program's reputation, as well as its ability to support advanced levels of resource stewardship. We believe these lower value enhancements should still be eligible for selection, as they provide important options for particular operations. However, establishing a minimum threshold can help ensure that each contract yields substantial additional conservation benefits.

As you know, the goal of CSP is to promote and maintain advanced conservation. Allowing producers to use one relatively low-bar conservation activity as their additional mandatory enhancement does not promote the best in conservation. The goal should be to drive the program in a direction that rewards farmers who take a thorough, whole-farm approach to conservation planning, decision making, and implementation. Moving to a minimum enhancement point value system to earn a program contract will help producers think of their farm in a systems-based context and consider what fits within their system rather than just what is easy.

Recommendation: We urge NRCS to establish a minimum threshold of points that an enhancement must meet in order to be offered through CSP in FY 2016. This would ensure that CSP additionality requirements cannot be met through the inclusion of one or two low-scoring enhancements. The inclusion of a minimum score threshold would not only help ensure that all contracts yield substantial additional conservation benefits, but it would also help producers think of their farm in a systems-based context and consider what fits within their system rather than simply reverting to what is easy. We suggest a threshold between 20 and 25 points, and urge NRCS to include any selected conservation practices in addition to selected enhancements.