

# 2023 Farm Bill

## POLICY PRIORITIES

Agriculture is the second largest land use (second only to forests) in the Chesapeake Bay watershed. There are roughly 83,000 farms comprising nearly 30% of the 64,000 square-mile region. In 2010, the District of Columbia, the six Bay states, and the federal Environmental Protection Agency established the Chesapeake Clean Water Blueprint, a science-based, cooperative restoration effort to reduce pollution. According to state-based clean-up plans, roughly 90% of the remaining nitrogen pollution reductions are to come from agriculture. **The 2023 Farm Bill provides a unique opportunity to focus federal resources to farms in our region to help achieve water quality goals, reduce greenhouse gas emissions, increase the resiliency of farms to weather extremes, and provide economic benefit. Thus, the Chesapeake Bay Foundation urges the following changes be incorporated into the 2023 Farm Bill:**

### 1. Increase funding for conservation programs and technical assistance.

Congress should, at a minimum, increase the funding amounts for conservation programs and technical assistance to those included in the Inflation Reduction Act.

### 2. Incentivize regenerative agriculture.

Congress can support regenerative farmers by changing existing programs (i.e., the Environmental Quality Incentives Program, Federal Crop Insurance Program, and Conservation Stewardship Program) to increase incentives and technical assistance for implementation of these systems.

### 3. Develop and maintain a qualified and diverse community of conservation professionals.

Congress should direct U.S. Department of Agriculture (USDA) to establish partnerships with educational institutions to build the pipeline of trained conservation professionals, support existing staff through training and incentives, and identify existing barriers to the increased use of non-federal technical assistance.

### 4. Reinvigorate the Conservation Reserve Enhancement Program.

Congress should make changes that remove barriers to enrollment, allow states to easily take advantage of legislative improvements, and improve incentives for landowners.

### 5. Improve the Regional Conservation Partnership Program.

Congress should maintain the Chesapeake region as a Critical Conservation Area. The program could be improved by streamlining and improving administrative processes and providing more flexibility in contractual agreements.

### 6. Increase support for historically underserved farmers.

Congress should make changes to the Farm Ownership Loans and Beginning Farmer and Rancher Down Payment Loans programs that will help historically underserved producers purchase farms through greater assistance with down payments and lower interest rates.

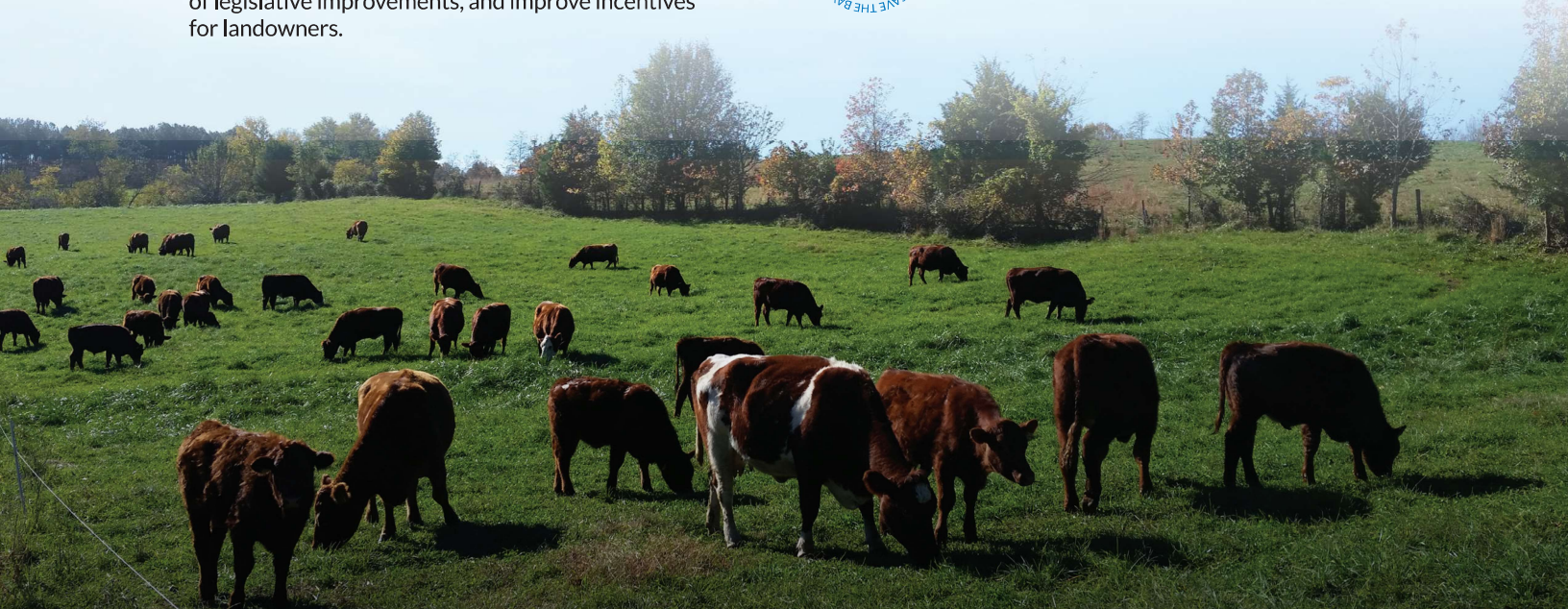
### 7. Increase investment in local processing and markets, so that farms have more options for selling foods locally.

Congress should provide increased funding for the Local Agriculture Market Program, Farmers Market and Local Food Promotion Program, and Value-Added Producer Grant programs.



**CHESAPEAKE BAY FOUNDATION**

*Saving a National Treasure*



**The Chesapeake Bay is the nation’s most productive estuary; however, the Bay and its rivers and streams are significantly degraded by pollution. In 2010, the District of Columbia, the six Bay states, and the federal Environmental Protection Agency (EPA) established the Chesapeake Clean Water Blueprint, a precedent-setting, cooperative restoration effort to reduce pollution.**

**The Blueprint includes science-based limits for nitrogen, phosphorus, and sediment; state-written watershed implementation plans (WIPs) to achieve those limits; and two-year milestones to track progress toward long-term goals. The jurisdictions originally agreed to have all practices needed to achieve the limits in place by 2025.**

Collectively, states are not on track to do so—largely because they have been unable to adequately address polluted runoff from agricultural land at the significant scale and pace necessary. Agriculture is the second largest land use in the Chesapeake Bay watershed, behind forests. Roughly 83,000 farms comprise nearly 30% of the 64,000-square-mile region. State plans call for roughly 90% of the remaining pollution reductions to come from agriculture, making it the biggest opportunity to get restoration back on track and achieve the 2025 commitments.

This is especially true in Pennsylvania, which has by far the biggest pollution-reduction gap to close. Pennsylvania has more than 30,000 mostly small farms in the Bay watershed and agriculture contributes roughly \$81 billion/year to the Commonwealth’s economy.<sup>1</sup> Despite the importance of agriculture, public financial support for conservation practices for Pennsylvania’s farmers lags behind other Bay states. Without addressing these challenges, restoration of local waterways and the Bay downstream will not succeed.

At the same time, new threats from climate change are complicating restoration efforts and hitting watershed farmers hard. Increasingly hot summers, droughts, intense rains, and saltwater intrusion pose significant risks for agricultural producers. Severe storms increase polluted runoff, and warming waters place even more stress on aquatic ecosystems.

Investing in agricultural conservation practices will address both problems—improving water quality, while reducing greenhouse gas emissions and increasing the climate resiliency of farms—and provide economic benefits to rural economies. For example, some practices like cover crops and rotational grazing not only sequester carbon in the soil, they also improve water infiltration and the soil’s capacity to hold water. This results in less polluted runoff and increases a farm’s resistance to drought conditions. In addition, a recent study conducted by Key-Log Economics for CBF highlights the economic benefits to local rural economies of investing in conservation in the Chesapeake region.<sup>2</sup> Specifically, the study concludes that fully funding the farm pollution-reduction practices needed to restore the Chesapeake Bay would inject \$655 million annually into the region’s economy, including \$269 million per year in higher earnings for businesses and workers. The report estimates that for every dollar spent helping farmers adopt practices that improve water quality in the Bay and its tributaries, the Bay region would see \$1.75 in higher sales and earnings. This investment would also support an average of 6,673 full-time, part-time, and seasonal jobs a year through 2025.

To maximize these benefits for farms and rural economies in the Chesapeake Bay watershed, the Chesapeake Bay Foundation (CBF) recommends the following policy priorities for the 2023 Farm Bill:

### **1. Increase funding for conservation programs and technical assistance.**

The conservation programs in the Federal Farm Bill are critical to achieving pollution reductions from agriculture in Pennsylvania and throughout the Bay watershed. Despite the proven benefits of these programs, however, funding levels are insufficient to meet producer demand. Nationwide, roughly 70% of the Environmental Quality Incentives Program applications in 2020 were not funded.<sup>3</sup> In Pennsylvania, this figure was 80%.<sup>4</sup> In addition, a 2017 report by the U.S. Government Accountability Office (GAO) indicates that Pennsylvania historically has not received its fair share of federal conservation dollars.<sup>5</sup> Lack of adequate technical assistance (TA) is also a chronic problem in

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1 The Economic Impact of Agriculture in Pennsylvania: 2021 Update. ESI Consultant Solutions, Inc. Accessed at: [The Economic Impact of Agriculture in Pennsylvania \(econsultsolutions.com\)](https://www.esiconsultantsolutions.com)

2 [agricultural-conservation-practices-clean-water-and-climate-smart-investments.pdf \(cbf.org\)](https://www.cbf.org/~/media/Files/2021/09/agricultural-conservation-practices-clean-water-and-climate-smart-investments.pdf)

3 Closed out: How U.S. farmers are denied access to conservation programs. Institute for Agriculture and Trade Policy. 2021. Accessed here: [Closed out: How U.S. farmers are denied access to conservation programs | IATP](https://www.instituteforag.org/~/media/Files/2021/09/Closed-out-How-U.S.-farmers-are-denied-access-to-conservation-programs-IATP)

4 USDA-NRCS, ProTracts Program Contracts System, October 2020. Provided to CBF by IATP.

5 U.S. Government Accountability Office Report to the Honorable Bob Gibbs, House of Representatives. Agricultural Conservation. USDA’s Environmental Quality Incentives Program Could be Improved to Optimize Benefits. April 2017. GAO-17-225



Pennsylvania and throughout the watershed. On a per-farm basis, Pennsylvania gets about half the national average for Conservation Technical Assistance (CTA) funding.<sup>6</sup>

The Inflation Reduction Act (IRA) specified funding levels from FY23 to FY26 for several Title II conservation programs, as well as for Conservation Technical Assistance. **The 2023 Farm Bill should, at a minimum, include these increased funding amounts to respond to growing producer and landowner demand and address critical natural resource problems, including water quality and climate change.**

Additional funding will help ensure the success of Bay restoration through implementation of the Chesapeake Clean Water Blueprint, mitigate climate change, and make the region's farms more resilient to extreme weather. As noted below, however, it is not enough to increase funding. Congress should also support policy changes that would help ensure conservation funds are prioritized to regenerative farming systems, to develop and maintain a qualified and diverse community of conservation professionals, and promote the equitable distribution of funds to small farms and historically underserved producers.

## **2. Incentivize regenerative agriculture.**

Regenerative agriculture describes holistic farming systems that, among other benefits, improve water and air quality, enhance ecosystem biodiversity, produce nutrient-dense food, and store carbon which helps mitigate the effects of climate change. Many of the conservation practices implemented by regenerative farmers are “climate-smart,” meaning they are effective at either reducing greenhouse gases or sequestering carbon. Using a systems approach, regenerative farming works in harmony with nature to build soil health and increase resilience to adverse conditions, enhancing economic viability. Unfortunately, current federal agricultural programs disproportionately serve conventional agriculture over regenerative agriculture. **Congress can support regenerative farmers by changing existing programs to increase incentives and technical assistance for implementation of these systems.**

### **Environmental Quality Incentives Program (EQIP).**

One of the more concerning aspects of the Environmental Quality Incentives Program (EQIP) is the use of funds to support concentrated animal feeding operations (CAFOs). Congress initially prohibited CAFOs from accessing EQIP funds, but the law was changed in 2002 to allow their participation. Today, annual expenditures on animal waste storage systems on confined livestock operations are among the highest of all funded practices.<sup>7</sup> While these investments add value to livestock producers and their operations, their benefits to addressing natural resource concerns are limited. Congress can improve EQIP's ability to achieve conservation outcomes by taking the following actions.

#### **Prioritize funding for grazing management systems under the livestock portion of EQIP.**

Grazing livestock rather than managing nutrition through grain-based diets improves water quality, reduces greenhouse gas emissions, and increases soil health—all while providing significant economic advantages to producers.<sup>8</sup> **Congress should direct the U.S. Department of Agriculture (USDA) to give priority to producers who seek support for grazing systems,** rather than practices that support livestock confinement operations. In addition, Congress should direct USDA to amend policies under the livestock portion of EQIP to require that before allocating funds for animal waste storage practices, **USDA must prioritize proper stocking rates and other feasible options that could reduce or eliminate the need for expensive animal waste management systems.**

#### **To improve watershed health, require vegetated buffers, where ecologically appropriate, as a pre-requisite to receiving EQIP funds.**

Vegetated buffers, especially forested buffers, are among the most cost-effective ways to address water quality concerns. Streamside buffers not only trap and remove pollution from runoff, but they also sequester carbon, help stabilize stream banks, reduce impacts from flooding, shade and cool water for fish, and provide habitat for wildlife and pollinators. Some states like Pennsylvania give preference to producers who have buffers or are willing to implement them as part of their EQIP ranking process. Building on this model, **Congress should direct USDA to require buffers on perennial streams as a pre-requisite to receiving EQIP funding, where this practice is ecologically appropriate.** Farms without existing vegetated buffers can plant the buffers as part of

6 Using 2017 CTA funding levels found here: [https://www.nrcs.usda.gov/Internet/NRCS\\_RCA/reports/srpt\\_cp\\_cta.html](https://www.nrcs.usda.gov/Internet/NRCS_RCA/reports/srpt_cp_cta.html) and number of farms from the 2017 Census of Agriculture: [https://www.nass.usda.gov/Publications/AgCensus/2017/Full\\_Report/Volume\\_1\\_Chapter\\_1\\_US/usv1.pdf](https://www.nass.usda.gov/Publications/AgCensus/2017/Full_Report/Volume_1_Chapter_1_US/usv1.pdf)

7 Environmental Working Group's Conservation Database. Accessed here on February 2, 2020: [https://conservation.ewg.org/eqip\\_practice\\_suite.php?fips=00000&regname=theUnitedStates&ewglevel=L31405](https://conservation.ewg.org/eqip_practice_suite.php?fips=00000&regname=theUnitedStates&ewglevel=L31405)

8 <https://www.cbf.org/document-library/cbf-reports/farm-forward-report.pdf>

the EQIP contract, by leveraging the Conservation Reserve Enhancement Program (CREP), or other programs as appropriate.

**EQIP payments should be limited to a maximum of \$400,000, with a variance for producers who implement rotational grazing systems and/or vegetated buffers.**

Because EQIP is routinely oversubscribed, it leaves most applicants under-resourced to achieve their conservation objectives. **Congress should therefore lower the per-farm payment cap from \$450,000 to \$400,000.** Producers who implement rotational grazing systems and/or vegetated buffers should be eligible to exceed the cap as a means to prioritize funding for these high-performing conservation practices. This will make more funding available for medium and small farms, providing a more equitable distribution of resources to underserved producers.

### **Federal Crop Insurance Program (FCIP).**

The Federal Crop Insurance Program (FCIP) is currently the largest farm subsidy program in the Farm Bill, with spending projected at \$77.9 billion over the next 10 years. The FCIP subsidizes individual crop insurance premiums, administrative costs of insurance providers, and underwriter risk. Premium rates for many crop insurance policies are based on the 10-year production history of crops on particular fields, a policy that favors large monoculture farms. Regenerative farmers grow a diversity of crops and vegetables and rotate fields frequently, making it difficult to establish the cropping and yield history required to enroll. In addition, many types of crops are not covered under the FCIP, effectively discriminating against farmers depending on what they grow. **Congress should take the following actions to increase the number and type of producers who benefit from crop insurance.**

**Update the crop insurance program to prioritize conservation as a risk management tool.**

Practices such as cover crops, conservation crop rotation, and rotational grazing of livestock reduce risk by improving soil health, making farms more resilient to weather extremes, and increasing productivity. **USDA's Risk Management Agency (RMA) should review existing policies that favor large, monoculture systems and adjust them to ensure farms that reduce risk through crop and livestock diversity and conservation practices are prioritized for crop insurance.** Additionally, farmers who use diverse cropping and livestock systems should be rewarded with lower premiums.

Congress should also take these actions to update federal crop insurance offerings:

- Modify the RMA's Good Farming Practices rules and definitions so that conservation practices supported by NRCS do not need to prove that the practices won't reduce yields.
- Require RMA not to penalize farmers who have reduced yields during the initial years of employing preferred practices, such as cover crops or crop rotations.
- Provide incentives for cover crops on acres where crops were not able to be planted, to prevent site degradation due to bare soils.
- Cap crop subsidy benefits for the largest farms and use the savings to finance lower premiums, allowing more equitable distribution of benefits to more farmers.

### **Conservation Stewardship Program (CSP).**

The Conservation Stewardship Program (CSP) provides technical and financial assistance to farmers and ranchers. It rewards both active management of existing conservation measures and the adoption of additional conservation enhancements and advanced conservation systems on the entire farming operation. **We support increased funding for CSP that is at least consistent with the amounts in the Inflation Reduction Act.** Furthermore, we recommend that Congress mandate stream exclusion of livestock and vegetated buffers as a requirement to participate in CSP. Farmers participating in this program are often "the best of the best," and requiring these reasonable measures will ensure public investment of conservation funds maximizes environmental benefits.

### **3. Develop and maintain a qualified and diverse community of conservation professionals.**

The "pinch point" in establishing conservation practices is most often the lack of outreach and technical assistance for plan writing, engineering design, project management, and final approvals and inspections. **USDA should help build the pipeline of conservation professionals by establishing partnerships with educational institutions including community colleges, land-grant universities, and historically Black colleges, to create certification programs to educate and train conservation professionals, similar to programs for foresters and wildlife biologists.** People in the early stages of their training and careers could assist with administrative tasks, basic planning and outreach,

to develop practical experience while freeing the more skilled and experienced staff to complete the technical components of implementing conservation. By doing so, USDA will help ensure a qualified workforce is available and provide a career path for under-represented groups. In addition, increased diversity of USDA staff, especially those providing outreach and technical assistance, is essential to reach historically underserved producers.

Retention of experienced and skilled staff is also essential for conservation delivery. Ensuring salaries are competitive, providing ongoing training, and basing performance incentives on conservation outcomes, will help maintain a qualified workforce. **Lastly, to accelerate the availability of technical services, Congress should direct USDA to conduct a comprehensive review of existing policies to identify barriers to the increased use of non-federal TA.** For example, streamlining the process for certifying, and providing adequate payment rates to, Technical Service Providers.

#### **4. Reinvigorate the Conservation Reserve Enhancement Program (CREP).**

The Chesapeake Bay region was the first in the nation to leverage state and federal investment in conservation through the Conservation Reserve Enhancement Program (CREP). The innovative approach increases incentives and focuses enrollment on select conservation practices in targeted areas, with an intention to accelerate progress toward achieving Chesapeake Bay restoration goals. For many years, CREP was the dominant source of funding and technical assistance for riparian forest buffers (RFB) in the Chesapeake Bay watershed. As noted earlier, forested buffers are among the most cost-effective ways to address water quality concerns and are a key component of the Bay states' plans to achieve pollution-reduction goals under the Chesapeake Clean Water Blueprint. Unfortunately, implementation has declined dramatically in recent years and is not on pace to achieve state and federal commitments. In 2020, only 19% of the watershed-wide implementation goal for planting forested buffers was achieved.<sup>9</sup>

**Congress should make changes that remove barriers to enrollment, allow states to easily take advantage of legislative improvements, and improve incentives for landowners, including:**

- Expand agricultural land that is eligible to plant forested buffers under CREP by eliminating the requirement to document cropping history for riparian areas adjacent to perennial waterways.
- Establish a pilot program in the Chesapeake Bay watershed that would create a “turnkey” program for the installation, management, and maintenance of RFBs to be implemented by a third party—where the landowner assigns the cost-share and practice incentive payments to the third party, but continues to receive the annual rental payment.
- Explicitly provide that states may unilaterally accept new Farm Bill incentives, such as Riparian Forest Buffer Management Payments, by signing an addendum to the CREP Agreement without renegotiating other provisions of the Agreement.
- Streamline the CREP amendment process and expedite CREP amendments that are needed for time-sensitive national priorities, like the Chesapeake Bay restoration program.
- Increase the \$50,000 payment limit to \$100,000.
- Specify that practice incentive payments must be 40-50% of the cost of the practice.
- Allow producers to enroll in the CLEAR30 program within three years of the CREP contract expiring. This change will provide ample time for agency staff to re-enroll producers with expiring contracts.
- Add an incentive payment for re-enrollment.
- Give producers with CREP applications priority ranking under EQIP if they are applying for grazing practices so that the entire system can be efficiently implemented.

#### **5. Improve the Regional Conservation Partnership Program (RCPP).**

The Regional Conservation Partnership Program (RCPP) was established in the 2014 Farm Bill, as a replacement for the Chesapeake Bay Watershed Program and several other programs. The RCPP is a partner-driven, competitive program to promote conservation, restoration, and sustainable use of soil, water, wildlife, and related natural resources on eligible land on a regional or watershed scale. The Chesapeake Bay watershed has been designated by USDA as one of the RCPP's Critical Conservation Areas. **We strongly support maintaining the status of the Chesapeake region as a Critical Conservation Area.**

The RCPP has been a valuable tool for testing innovative approaches to the delivery of conservation practices; however, the program could be improved through the following actions:

<sup>9</sup> <https://www.chesapeakeprogress.com/abundant-life/forest-buffers#:~:text=In%202020%2C%20169%20miles%20of,mile%2Dper%2Dyear%20target>

- Increase funding for RCPP Alternative Funding Arrangement (AFA) projects and implement them via grant agreements—instead of programmatic partnership agreements and associated supplemental agreements—to provide more flexibility for lead partners.
- Establish timeline requirements for USDA when entering into RCPP agreements with partners and for reimbursements (e.g., projects should be under contract no more than six months from the award announcement date). Ensure USDA has sufficient staff to provide timely and efficient administration of this program.
- Streamline RCPP applications, contracting, and implementation by directing NRCS to improve the administration and effectiveness of the RCPP program at the proposal planning, contract execution, and project implementation phases. Specifically, NRCS should:
  - Significantly clarify and simplify the application process, contract execution process, and contract management requirements for lead partners. To the extent practicable, ensure consistency in implementation nationwide.
  - Increase the percentage of total project funding that is permitted for use by partners to conduct technical assistance, project outreach and monitoring, and watershed/natural resource planning.

## 6. Increase support for historically underserved farmers.

According to USDA, “historically underserved producers” include beginning farmers, veterans, and socially disadvantaged producers. Those in the latter category have historically been subject to overt discriminatory practices. Success in farming depends on access to land, capital, and technical assistance. Farming has always been an economically challenging occupation, but People of Color, including immigrant, refugee, tribal, and farmworker communities, face much greater social and institutional barriers to owning and operating farms successfully. For example, only 0.1% of the \$38 billion in Coronavirus Food Assistance Program relief went to Black farmers, because payments were based on farm size and production.<sup>10</sup>

Recent USDA and Congressional efforts have begun to correct and compensate for the discriminatory practices of the past. While these efforts are encouraging, USDA should maintain the momentum and continue to improve service to underserved producers. **CBF supports changes to the Farm Ownership Loans and Beginning Farmer and Rancher Down Payment Loans programs that will help historically underserved producers purchase farms through greater assistance with down payments and lower interest rates.** We also support efforts to increase funding to programs that support urban agriculture in inner city communities, as well as the creation of programs to assist urban farmers in the acquisition or rental of vacant lots for use as food gardens, education centers, and farmer markets for city residents.

## 7. Increase investment in local processing and markets, so that farms have more options for selling foods locally.

Marketing barriers and a lack of processing facilities—especially for meat, dairy products, and specialty crops—severely limit marketing opportunities and the availability of locally grown foods in many communities. Strengthening opportunities for local processing and marketing would help farms using regenerative systems, with diverse products, meet increasing demand for locally sourced food. To this end, **we support increased funding for the Local Agriculture Market Program, Farmers Market and Local Food Promotion Program, and Value Added Producer Grant programs.** In addition, the Meat and Poultry Inspection Readiness Grant should be made permanent and expanded to support meat and poultry slaughter and processing facilities, with a focus on small and very small facilities and those owned by historically underserved people.

<sup>10</sup> Herath, J. March 2021. “Vilsack: Just 0.1% of CFAP Went to Black Farmers.” AgriWeb, <https://www.agweb.com/news/policy/politics/vilsack-just-01-cfap-went-black-farmers>.