

Will Conservation Once Again Be On The Cutting Board?

Concerns About The Federal Deficit Drive Renewed Interest In Spending Cuts



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With a federal budget deficit that the Obama Administration now estimates at a whopping \$1.47 trillion for 2010, it's highly likely that, after the mid-term elections this fall, budget cutters will be looking to trim in every nook and cranny. Little surprise, then, that a wide variety of agricultural groups are making a preemptive strike to showcase their importance of their programs and hopefully, avoid the budget knife.

Federal farm price support programs used to be the biggest targets when it came to focusing on places to cut. But with the growth in spending on crop insurance and conservation in recent years (see pie chart), these program areas have become the newest targets. And conservation programs could be at the top of the list.

Why? Lawmakers have been gradually increasing funding for conservation, while making plans to cut crop insurance. In fact, crop insurance spending already took a hit last month when the Obama Administration announced plans to cut \$6 billion out of that program, with \$4 billion going to reduce the federal deficit.

Now lawmakers are looking at whether or not there is any "fat" in conservation spending or other areas that can be trimmed.

The National Association of Conservation Districts (NACD) says raiding conservation programs to fund other programs doesn't make any sense – especially when you consider the strong demand for conservation out in the countryside.

Demand outstrips supply

Case in point: The Environmental Quality Incentives Program (EQIP) provided over \$731 million in "financial assistance" (FA) funds for producer contracts in fiscal 2009. But applications worth an estimated \$1.36 billion were unfunded.

For most farmers, EQIP provides payments up to 75 percent of the incurred costs and income foregone of certain conservation practices and activities. Underserved producers (limited resource farmers/ranchers, beginning farmers/ranchers, socially disadvantaged producers) may be eligible for payments up to 90 percent.

"The EQIP program is very popular and we've also added some special offerings like programs to protect the sage grouse in the West, address air quality in the Central Valley and conserve water in Kansas and Nebraska," says Natural Resources Conservation Service Chief Dave White.

In California alone, almost 7,000 applications totaling over \$126 million were still waiting for funds at the end of the fiscal year, according to Natural Resources Conservation Service (NRCS) data (See table on page 3). The unmet needs continued with unfunded applications in Oklahoma (over 6,300), Mississippi (4,670), Missouri (4,519), Arkansas (2,120) and South Dakota (1,584). These application numbers do not include Technical Assistance (TA) funds used for salary and other costs associated with program management.

The 2008 Farm Bill authorized gradually increasing amounts for EQIP funding, starting at \$1.2 billion in 2008 and reaching \$1.75 billion in 2012. But appropriators have not been fully funding the program, resulting in "unused" authorized funds that are often being "chipped" and allocated elsewhere. (The official term for this official method of taking funds away from mandatory programs is Change In Mandatory Programs or CHIMP. Capitol Hill insiders refer to these raids on mandatory funding as "chipping" or being "chipped.")

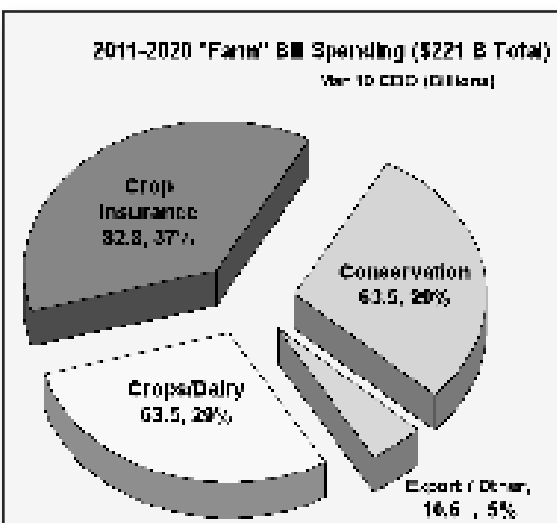
Senate Agriculture Committee Chairman Blanche Lincoln has considered using EQIP to pay for increased funding for the child nutrition bill, drawing howls from members of the conservation and environmental community. However, as her staff members point out, the proposed cuts of \$2.8 billion over 10 years are from an authorized level, not actually from dollars that were going to producers.

NACD President Steve Robinson, a corn, soybean and wheat producer farming 900 acres in Marysville, OH. Says that NACD would like the 2012 Farm Bill to do what the 2008 Farm Bill did – increase conservation funding. His group was encouraged by the administration's budget proposal to increase USDA's NRCS Conservation Operations Account from FY 2010's \$887.6 million to \$923.7 million for FY 2011. The \$923.7 compares with a Senate Appropriations Committee call for \$929 million and the \$960.7 million NACD would like.

However, the administration is proposing cutting the Wetlands Reserve Program (WRP) by 57,018 acres, cutting the Environmental Quality Incentives Program (EQIP) by \$380 million, the Farm and Ranch Land Protection Program (FRPP) by \$15 million, Agricultural Management Assistance (AMA) by \$5 million and the Wildlife Habitat Incentives Program (WHIP) by \$12 million.

For now, the tug of war continues in the appropriations process over which programs will get funded and which will get whacked by the budget axe. But pressure will continue to build for making larger and longer-term budget cuts in a wide variety of areas. Despite the \$6 billion cut already made in crop insurance, agriculture will not be exempt. Δ

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State	Estimated Unfunded Application Dollars 2009	Number of Unfunded Applications
Alabama	\$17,317,725	3,673
Alaska	\$1,517,662	68
Arizona	\$1,691,417	606
Arkansas	\$12,246,628	2,120
California	\$126,184,541	6,832
Colorado	\$24,885,704	2,013
Connecticut	\$2,698,692	150
Delaware	\$10,881,347	706
Florida	\$44,294,339	1,901
Georgia	\$12,853,691	4,306
Hawaii	\$1,432,121	255
Idaho	\$1,625,551	1,383
Illinois	\$6,211,243	1,767
Indiana	\$7,897,565	1,405
Iowa	\$14,490,478	4,163
Kansas	\$10,523,662	3,002
Kentucky	\$19,085,396	3,403
Louisiana	\$26,211,226	2,667
Maine	\$14,092,023	813
Maryland	\$1,995,410	663
Massachusetts	\$11,560,866	540
Michigan	\$27,788,265	938
Minnesota	\$11,096,310	1,873
Mississippi	\$9,112,299	4,670
Missouri	\$13,047,610	4,519
Montana	\$40,376,782	2,645
Nebraska	\$63,009,430	5,107
Nevada	\$8,189,015	292
New Hampshire	\$2,207,065	430
New Jersey	\$9,826,560	433
New Mexico	\$17,295,705	1,760
New York	\$19,158,038	1,653
North Carolina	\$12,099,187	1,863
North Dakota	\$18,441,004	2,706
Ohio	\$22,885,744	2,764
Oklahoma	\$77,205,284	6,359
Oregon	\$19,890,647	1,302
Pacific Basin	\$81,168	87
Pennsylvania	\$74,665,929	3,059
Puerto Rico	\$2,192,325	576
Rhode Island	\$5,170,097	198
South Carolina	\$23,024,194	1,488
South Dakota	\$16,086,402	1,584
Tennessee	\$10,919,423	2,721
Texas	\$82,384,306	8,695
Utah	\$46,407,472	1,724
Vermont	\$8,994,671	594
Virginia	\$15,303,824	1,048
Washington	\$17,661,017	1,682
West Virginia	\$26,174,691	1,405
Wisconsin	\$13,494,215	2,372
Wyoming	\$12,845,294	1,094
TOTAL	\$1,361,337,261	110,077