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**Draft: For Discussion Purposes Only**

**1995 Farm Bill**

**Policies to Integrate**

**Agriculture and the Environment**

**Summary**

**U.S. Environmental Protection Agency**

**September 9, 1994**

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## POLICY OPTIONS FOR FINANCIAL SUPPORT & INCENTIVES

### I. BACKGROUND

The 1985 and 1990 Farm Bills made considerable progress in reducing producer incentives to overuse resources and inputs, such as land, pesticides, and fertilizers. These legislative initiatives also provided financial incentives to farmers to adopt agricultural systems that are protective of the environment. This paper outlines options for focusing and/or redirecting existing financial incentive and support programs, which cost taxpayers some \$10-17 billion per year, to achieve needed environmental and conservation outcomes.

Wheat, feed grains, cotton, and rice are the basic price-supported commodities for which a producer is paid the difference between the market price and a higher target price that is set by the Government. Producers of soybeans are supported through a program of non-recourse loans and producers of sugar beets, sugarcane, peanuts, and tobacco through import restrictions. Dairy producers are supported through a system of marketing quotas on fluid milk along with federal purchases of storable surplus dairy products. Together, these programs maintain a floor for milk prices.

Producers of crops that the U.S. wants to promote for export can benefit from the export enhancement program which subsidizes the purchase of agricultural products. Growers also benefit from a subsidized federal crop insurance program, and an ad hoc federal disaster relief program. The average cost of each of these three programs has been about \$3 billion per year.

Subsidies under the current commodity, *baseline*, program are determined in the following way. Farmers who have established base acreage (acres that have grown a program crop) are eligible for deficiency payments for the number of bushels produced on 85% of base acreage minus the acres in the acreage reduction program (ARP), land taken out of production for reasons of controlling supply. When calculating the deficiency payment, yield per acre is considered fixed. Farmers must grow program crops each year to maintain base.

In return for program payments, program participants are expected to maintain a soil protection plan under the Cross-Compliance program, if they are farming highly erodible land; not to drain wetlands under the Swampbuster Program; and not to plow up highly erodible pasture for cropland under the Sodbuster Program.

## II. ALTERNATIVE STAND ALONE OPTIONS

*Option 1: Baseline Plus* The baseline-plus option is a modification of the existing Commodity Program that would strengthen the existing stewardship components and result in greater environmental benefits. It would contain the following provisions: 1) increase the percentage of base acreage upon which alternative crops can be grown without losing base; 2) continue the current Cross-Compliance program for soil erosion, as well as the Swampbuster and Sodbuster programs; and 3) require compliance with CZARA or Clean Water Act management measures where they apply. It also contains one of the following "add-on" programs: **A) introduction of the program of Stewardship Payments** (annual payments for positive environmental activities resulting in measurable benefits) or **B) Management Measure Cost-share** (one-time or annual payments that would be made to farmers to offset the cost of meeting regulatory management measures, cross-compliance costs, or other mandatory program requirements); or **C) Super-Compliance** (an expansion of current cross-compliance programs to cover the use of factor inputs, such as nutrients and pesticides, through nutrient, pest management, or even irrigation plans).

Additional incentives to remain in the program could be made through creative use of set-aside requirements. Farmers would be excused from set-aside requirements, or some portion thereof in exchange for the adoption of stewardship practices or management measures. Alternatively, set-aside acreage could be targeted to provide maximum environmental benefits. This provision would allow farmers in the commodity program with environmentally sensitive land to sell their "production rights" on base acres to farmers in the commodity program with less sensitive land. In essence, this provision would take environmentally sensitive base acres out of production in exchange for production on set aside acreage that is not environmentally sensitive.

### Implementation Issues

The stewardship component would be relatively politically palatable to keep producers in the program and to encourage the adoption of sustainable agricultural systems, rather than specific practices that address only single objectives. It also has the benefit of being consistent with the negotiated GATT text regarding agricultural subsidies. A management measure cost-share would more closely link Farm Income Support to the meeting of EPA water quality objectives. The program would be more closely targeted towards impaired watersheds with clear water quality problems associated with agriculture. However, it would be a redirection of funds away from income support and hence would not be politically popular among producers, particularly those not in targeted watersheds. A cost-share program could effectively reimburse the capital costs of implementing management measures, but may not perform as well as a stewardship program at reimbursing other costs (e.g., opportunity costs, and forgone revenue). It can also lead to problems of moral hazard-incentives for producers to wait for cost-share before implementing management measures rather than independently adopting them where necessary at their own expense. A Supercompliance would more broadly tighten the environmental requirements for income subsidies, not just for producers in targeted watersheds as under a management measure cost-share program. However, it would also lead to a diminution in the number of program



participants. EPA would likely have less influence in the implementation of a supercompliance program than a targeted program of sharing the costs from the implementation of CZARA or CWA management measures. The provisions for environmental uses of set-aside would become moot if GATT mandates the elimination of the set-aside provision therein removing incentives to participate in the program.

*Option 2: Stewardship Payments (Alone).* Payment would represent the opportunity cost of providing the positive externality (e.g., wildlife habitat benefits, soil conservation, wildlife beneficial crops, winter cover crops, tree planting, and water-quality-related benefits). If structured properly, the payments could provide farmers with more autonomy than the other options (and hence encourage greater involvement in issues of environmental protection and agricultural production). They could thus provide the incentive to look for creative solutions more in line with principles of ecosystem management than one-time payments to cover regulatory costs. It can be designed to meet multiple objectives, such as habitat and groundwater protection and surface water protection. Payments could also be related to the implementation of more limited-focus management measures under CWA or CZARA. Stewardship payments would apply to producers both in and outside the existing Commodity Program. One component of this option could be payments for energy feedstock production (biofuels). A Biofuel Reserve Program would deliver production incentives through a bidding system whereby farmers needing smaller incentives are accepted into a subsidy program earlier than farmers submitting higher cost proposals.

At least a portion of the cost of a stewardship payment program, particularly for the adoption of safer pest management practices, could be offset by a chemical pesticide fee, as well as a similar tax on chemical fertilizers.

### Implementation Issues

This option presupposes a new administrative structure for determining what benefits would be purchased and the price that would be paid. Also, any redistribution of existing funds away from current recipients would be politically difficult. The biofuels component could be administratively difficult, but would support the administration's Global Climate Change Initiative. Any taxing scheme, particularly if the tax is borne by producers, to provide an alternative source of funding would be resisted by the Congressional committees that traditionally deal with agricultural issues.

*Option 3: Revenue Assurance/Insurance* Farmers in the current Commodity Programs are assured a percentage, such as 70% (the revenue target), of the running average of their previous five year revenue or of per acre returns. Assurance means that the farmers do not pay for coverage. With an insurance option, they would be required to pay a (subsidized) premium for coverage. As a condition of either program, they are required to implement pesticide, nutrient and soil management plans, as under the Supercompliance option. It would remove disincentives to rotate crops (resulting in certain environmental benefits) and could lead to a streamlining of deficiency, disaster, and crop insurance programs. To strengthen this option environmentally, federal crop insurance could be made available to underwrite farmers' financial risk of undertaking production practices which mitigate

pollution or risk relative to typical practices. This option assumes that financially sound sustainable practices have been (or could readily be) defined on a crop specific basis.

### Implementation Issues

Revenue assurance would be more expensive for the Government than insurance; hence, budgetary concerns would need to be resolved. The revenue insurance option raises the question of actuarial soundness and at what level premiums should be subsidized. Cost of the program, and hence the political support from producers, depends on what level of income support it would provide. Also, farmers are generally opposed to "welfare-type" payments.

### **III. ALTERNATIVE OPTIONS THAT DO NOT STAND ALONE**

*Option 4: Export Enhancement Program Targeting.* In meeting our obligations under the GATT, the U.S. will have to reduce export subsidies over the implementation period. USDA could target these reductions at most environmentally damaging crops (i.e., sugar, milk, peanuts and cotton). This option could also be stated as: continuation of export subsidies for crops that have been produced in an environmentally sound manner. Political and implementation issues (such as monitoring and enforcement) would need to be resolved.

*Option 5: Cross-Compliance for the Dairy Program.* This option assumes that the Clean Water Act will be reauthorized with "CZARA type" requirements for management measures in targeted watersheds. Participants in the Dairy Subsidy Program would receive price supports only on condition that their operations are in compliance with management measures for nutrients. The incentive would be lost in years when milk prices exceed the support price.

*Option 6: Underwriting Risk of Pesticide Use/Risk-Reduction options.* The Federal Government underwrites farmers' financial risk of undertaking production practices which mitigate pollution or risk relative to typical practices. Two suboptions are proposed: one where the risk would be reduced through underwriting of crop insurance by private insurers and the other through guaranteed loans for the purchase of necessary equipment. Both suboptions presuppose existence of sustainable practices that are financially sound. The eligible production practices would include a) sustainable agriculture practices, b) crop/pest-specific use of area-wide IPM, and c) crop/pest-specific use of safer pest management practices, which mitigate pollution or risk relative to typical practices. The program could be difficult to set and administer initially. Costs at the outset would likely be greater than later on.

*Option 7: "Green Loans" to Farmers to Purchase Technology That Achieves Pollution or Risk Reduction*

This option would make more capital available for loans by direct government loans for the purchase of promising new, "greener," technologies or would underwrite the risk of loans

made by private banks for such technologies. Traditional sources of funding, such as banks, are averse to providing funds for technologies that are not standard farming practice because of the perceived added risk to the collateral (i.e., the farmer's crop). A new program that does not have clear or powerful constituency could be politically difficult to establish given current budget constraints.



## FARMING SYSTEMS POLICY OPTIONS

Farming systems are a complete, integrated set of agricultural (plant and animal) production practices that maintain or enhance farm profits, long-term productivity, and environmental quality and natural resources. Farming systems often require more intensive management, more efficient use of inputs, a better utilization of the natural environment and processes, and increased knowledge due to their site-specific nature. These farming system options apply to agricultural lands that are kept in production. In addition to the base line, the options are presented in three main categories: geographic targeting, land management, and implementation. The sub-options provide alternative policies within each category.

*Baseline: Revise and Expand Water Quality Incentives Program.* The Water Quality Incentives Program (WQIP) provides cost-share incentives for farmers to adopt management practices in specific geographic areas. To strengthen the program, a significant increase in funding (currently \$15 million) could be tied to better environmental targeting using states and EPA as partners in the process. In addition, WQIP could be separated from the Agriculture Conservation Program so that the \$3,500 annual cap for both management and structural practices would no longer inhibit integrated environmental solutions.

Geographic Targeting Options To more efficiently use limited funds, farming systems should be focused on specifically defined geographic areas. Environmentally, the preferred target may simply be all agricultural lands. However, because of administrative and budget constraints, the targeted areas will have to be more focused.

*Option 1: Agriculture Programs.* From an administrative perspective, agricultural lands enrolled in USDA programs could be easily targeted for incentives. For example, the target could be all lands in commodity programs, all highly erodible lands, or lands coming out of the Conservation Reserve Program. This type of targeting would not have as great an impact on environmental problems.

*Option 2: Environmental Programs.* From a more focused environmental perspective, agriculture lands that negatively impact the environment could be targeted. Current EPA programs could be used to target land areas: Wellhead Protection Program, Sole Source Aquifer Program, PM-10 non-attainment areas, and Coastal Zone Nonpoint Pollution Control Program. Under the Administration proposal for reauthorization of the Clean Water Act and Safe Drinking Water Act, additional targeting mechanisms could be implemented: delineation of watersheds with impaired or threatened water quality, lands identified in state watershed plans, and lands identified in source water protection plans. Alternatively, a new environmental targeting mechanism, Environmental Stewardship Zones, could be implemented. States could identify acres in environmentally-sensitive areas and/or acres providing major inputs to the human diet, subject to EPA and USDA approval. The total national number of acres enrolled would be determined by budgetary considerations.

Land Management Options Within the targeted land area, various options can be used to implement different types of farming systems. Options 1 and 2 would basically look at whole farm planning.

*Option 1: All agricultural management measures.* Implement all agricultural management measures--erosion, nutrients, pests, small and large animal feedlots, irrigation, and grazing--developed for the Coastal Zone Act Reauthorization Amendments of 1990 guidance.

*Option 2: Revised management measures.* Implement all measures in Option 1 with the following changes: strengthen pest measure and add measures for air quality and wildlife habitat.

*Option 3: Selected management measures.* Implement management measures based on pollutant of concern in the geographic area. Only measures which impact pollutants that are causing violations of air or water quality standards or threatening those standards would be implemented.

*Option 4: Nutrient management measure.* Implement only the nutrient management measure since it may be the most cost-effective measure and have the greatest impact one of the two most important water quality problems. (Sediment has been addressed through the Conservation Compliance Program on highly erodible land.)

*Option 5: Selected Best Management Practices.* Implement only selected practices within management measures that may have the broadest application, for example, crop rotation.

Implementation Options Implementation options are independent of the targeting and management options. Options 1 and 2 are substitutes for each other. Option 3 stands alone.

*Option 1: Mandatory Recordkeeping and Public Reporting.* This option has three main components: 1) Who reports--the agricultural user or the agricultural dealer? 2) What are they required to report--all pesticides or all pesticides and chemical fertilizers? Currently only restricted use pesticides have a reporting requirement. 3) Who has access to the information--restricted to selected Federal and State agencies (as in current legislation) or available to the public (akin to Toxics Release Inventory)?

*Option 2: Expand USDA/NASS Survey.* Expand scope of National Agriculture Statistics Service Survey in the areas of crops covered, states covered, information requested, sample size increase, etc.).

*Option 3: Certification of Plans/Planners.* Whole farm planning or any plans required under specific management measure or for specific pollutants would require some type of

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certification program. There are three major sub-options for plan certification: 1) With technical assistance, farmers develop and self-certify their plans. 2) The Soil Conservation Service develops and certifies the plans. 3) Plans could be developed by certified consultants (public and private) and reviewed/certified by the Soil Conservation Service. The American Society of Agronomy has developed a Certified Crop Advisor Program. Alternatively, consultants could be certified through a new, federally developed certification program.





## LAND RETIREMENT POLICY OPTIONS

### SUMMARY

Land retirement programs in the 1995 Farm Bill can provide an opportunity to advance the Administration's objectives with respect to the Federal budget, trade, rural development, human health, and environmental quality. Farmers and taxpayers share common goals for protection and improvement of high quality and affordable food, environmental quality, wildlife habitat, recreation opportunities, human health, sustainable communities, and rural landscapes. However, achievement of these common goals is hindered by our failure to manage agricultural resources in an environmentally sustainable fashion. This failure is related to economic markets that do not capture all benefits and costs of agricultural production. By integrating agricultural and environmental objectives, we can create a Farm Bill that furthers the agenda of all stakeholders, within the constraints of the Federal budget. Moderate agricultural and environmental interests recognize that all groups will have more leverage in affecting farm legislation if they work together.

The Conservation Reserve Program (CRP), the predominant land retirement program in 1985 and 1990 farm legislation, did not initially focus on environmental goals. Lands were selected predominantly based on average erodibility of soils within field boundaries. Land selection criteria were changed in 1990 to recognize opportunities to improve water and quality, but other benefits -- wildlife habitat, supply control, flood abatement, and carbon sequestration -- were achieved with little direction on how to direct resources to lands that would maximize multiple benefits to the public. Great expense has been incurred for lands that often yield little or no environmental returns, yet proposals exist to continue payments on the same lands simply to maintain the inefficient stream of environmental benefits.

*Baseline: Extended Conservation Reserve and Wetlands Reserve.* An extended CRP would focus on environmental objectives and include easements of five to 15 years. The program is envisioned to include 20 to 35 million acres, based on admitting lands that meet environmental quality selection criteria. An extended Wetlands Reserve Program (WRP) would select up to one million acres of environmentally sensitive wetlands for permanent protection, possibly more in future farm bills. A CRP that retires substantially more land than long-term easements can provide significant environmental benefits if environmental selection criteria are carefully applied to newly enrolled lands. However, when contracts expire, either the environmental benefits are negated or the contracts must be renewed to maintain those benefits. Continuation of the CRP is supported by many landowners, rural communities, and others because it would provide a stream of income without removing agricultural land permanently from production. The disadvantage is the added expense to taxpayers for repurchase of environmental benefits every five to fifteen years.

*Option 1: Long-term Easements.* A focused, long-term land retirement program is proposed for up to 10 million acres for conserving land uses. The program could be expanded in future farm bills, supported by the experience gained during implementation of the 1995 farm bill. Crop producers would maintain conserving land uses on environmentally sensitive lands that would be continued for 30 years or longer. Easements would focus only on those lands that are needed in conserving uses for purposes of protecting the environment.

Lands would serve environmental objectives for protecting water quality, endangered and threatened wildlife, ecosystems and biodiversity, and air quality. Focus areas would include riparian lands (two to four million acres), ground water protection areas (one to three million acres), threatened wetlands (one to three million acres), and wildlife (one to four million acres). Lands and land uses that provide multiple objectives would be given top priority for selection, and would focus on the worst land for farming and/or the best land for environmental protection. By directing land retirement resources to critically sensitive lands, other farm programs (for example, for soil erosion control, nutrient and pest management, animal waste management) that more efficiently address environmental quality problems would have greater resources available if land retirement is reduced to the minimum necessary to achieve environmental objectives. Greater environmental objectives can be achieved that provide public benefits with less land and at less cost than under the CRP. Also, the conserving land use receives long-term protection and landowners are paid once for that conserving use, versus the continuing payments required under a CRP-type program extension.

*Option 2: Conservation Reserve Renewals and Long-term Easements.* The CRP can be renewed in a manner that provides for continued retirement of some lands already enrolled in the program while also providing focused long-term easements for environmentally sensitive lands, or a so-called "50-50" option. For each acre renewed for another ten years under existing CRP leases, there would be a fixed percentage of land that would be set aside in a long-term easement for environmental purposes. The additional acreage could come from existing CRP lands or from newly recruited lands. This option would provide landowners with an opportunity to continue receiving payments for enrollment of a substantial portion of existing CRP lands, while assuring at least one-half or some other fraction of enrolled lands meet environmental protection criteria and are protected under long-term easements. The Wetlands Reserve Program would continue to be available for landowners to retire lands under permanent easements, and a new environmental easement program would be available for enrolling the rest of the long-term easement lands.

Long-term easements would retire lands for environmental purposes when those lands cannot be used for agricultural production and still protect critical natural resources and environmental quality. Some riparian zones, ground water recharge areas, and endangered, threatened, and candidate species' habitats need permanent or long-term (greater than 30 years) protection. Taxpayers will support protection of these areas if they only pay once for the value of the land.

Shorter-term easements provide more protection than conventional farming practices for certain resources, such as wildlife habitat, soil, air, and water. If the CRP is extended, resources should be directed to lands that can provide environmental benefits for the general public as well as landowners, and to those lands that accomplish multiple objectives.

To minimize the payments necessary for long-term easements and to support farm incomes, land uses such as limited haying and grazing or timber production should be considered, consistent with the environmental values being protected. Where cropping practices can attain environmental objectives, they should be used in lieu of land retirement.



## MARKETING OPTIONS

Farm programs include a number of marketing programs which could be modified to provide incentives for improved environmental performance by producers. An advantage of making such modifications is low budget exposure and an opportunity to involve consumers in supporting environmental programs.

### Option 1: Milk Stewardship

The dairy price support program provides mechanisms which could include incentives for proper management of manures. Several options could be considered. One proposal focuses on offering farmers a premium (e.g. 2 percent higher price) for milk certified as produced in an environmentally friendly way. The higher price would be administered similarly to the Grade A milk price differential. The higher price would be implemented at the processor level, but through market mechanisms, it would be passed on to consumers. (The certified milk would not necessarily be labeled in the retail market). If the premium were a 2 percent price differential, it would result in half a billion dollars per year available to producers to fund waste treatment systems. Otherwise, dairy presents one of the greatest economic and environmental challenges for implementing proposed CWA management measures for agriculture.

### Option 2: Labeling Options--Organic or Organic/Low Pesticide or IPM

The 1990 farm bill provides a certification program which could label fresh produce in the above ways. USDA staff working on this effort is responsive to EPA interest in providing a choice regarding pesticides and food. If given approval to pursue this option, a small team would first determine what additional labeling would facilitate greater consumer choice regarding pesticides and then determine whether any additional committee language is needed to provide the desired consumer choice. Food safety may ultimately become a matter of choice as consumers weigh pesticide risks versus spoilage and cosmetic quality.

### Option 3: Labeling Options--Environmental Report Card

Out of a sense of environmental benevolence or concern, consumers might voluntarily pay more for milk or other products labeled as produced in an environmentally friendly manner. USDA, in consultation with EPA and industry, would provide direction for an industry run Report Card program.

#### Option 4: Cross-Compliance for Marketing Orders Subject to the Agricultural Marketing Act

The option would stipulate that for a marketing order to be granted to producers in a region they must agree to adopt IPM or other more environmentally sound system of agricultural production. Participants in each marketing order would be charged with providing a set of minimally acceptable IPM practices and charged with assuring that these IPM practices be followed in producing some portion (e.g. 75 percent) of the marketing orders' output. Denying marketing orders is a heavy hammer and threat of doing so would get the attention of producers. Although producers might be persuaded to use IPM and related practices which, in some cases, greatly reduce pesticide use, identifying a minimally acceptable set of IPM practices for so many crops represents a challenge.

#### Option 5: Federal Purchase Preference for IPM Produced Foods

The Secretary of Agriculture review review and implement ways in which USDA programs can be used to provide markets for foods produced with reduced risk pesticides and IPM techniques. Three areas of either direct control or influence in the Farm Bill are explored: 1) The Food Stamp Program, 2) The Women, Infants and Children (WIC) Nutrition Program and 3) The School Lunch Program. In addition, USDA in concert with EPA shall coordinate with the General Services Administration and the Department of Defense to establish a phase-in to give Federal purchasing preference to foods produced under approved IPM methods.



## RESEARCH, EXTENSION AND EDUCATION POLICY OPTIONS

1. **Joint EPA-USDA prioritization of USDA ARS and CSRS research to focus on human health and environmental risk.**

Summary: This proposal recommends a process whereby specific applied research priorities are jointly agreed to and set to resolve production problems with an emphasis on air and water non-attainment areas. Three broad areas of concern are reductions of pesticide use, improved management of nutrients and air quality.

2. **New initiative to determine total environmental costs of off-site agricultural pollution.**

Summary: EPA believes that unless the "total costs" of production are understood and accounted for the nation will be on a continuous pattern of fixing environmental problems often at great expense. This is an attempt to understand total costs so management and political decisions can be made with full understanding and disclosure of the impacts of various production practices. In many ways this is a model pollution prevention tool. If we understand the future long term costs of aquifer pollution, for example, we have the opportunity to manage the aquifer resource more carefully. This principle applies equally to all of our non-renewable resources.

3. **Commit to encouraging private sector products, systems and services and technologies that contribute to low [environmental] impact agricultural production.**

Summary: Incentives can be provided to "level the playing field" in a number of ways including:

- o Create market mechanisms to increase product/service demand. Eg. Link products/services to BMP recommendations.
- o Establish a research and implementation revolving fund for qualifying alternative technologies, products and services.
- o Assist in creating cooperative scouting services for small producers and for minor crops.

4. **Establish a coordinator for alternative farming systems under the Assistant Secretary for Research and Education at USDA. Require the office to identify pollution prevention goals and to develop and promote innovative environmentally acceptable farm production technologies in concert with EPA.**

Summary: The primary thrust of USDA research education and demonstration is with production agriculture and major commodity crops and products. Alternative farming systems and sustainable agriculture are addressed by sectors of CSRS and ES. Water quality issues are a significant concern of the SCS. The small movement toward alternative (non industrial farm) systems must be given institutional parity within the Department to enable these producers to compete in the marketplace and to address environmental concerns including:

- o Soil biology, tilth and retention
- o Threatened and endangered species
- o Air and water quality
- o Human health and risk from exposure to pesticides.
- o Threats from pesticides and nitrates to ground water that support critical surface water ecosystems.

**5. New initiative on residue monitoring, food consumption surveys, and incident poisoning monitoring.**

Summary: While much data presently exists, there is a need for a high level coordinated system of evaluation and review to establish research priorities in the areas of food safety, human health and nutrition.

**6. Provide funding for state agricultural chemical use reduction programs to help achieve the Administration's 75% land management goal. Coordinate the award process with EPA and its 10 regional offices. Fund annually at \$5 million per region.**

Background/Summary: The goal to have 75% of domestic crop land under plans for pest and nutrient management needs financial support and coordination.





## **Sustainable Private Nonindustrial Forestry**

### **1995 Farm Bill**

#### **I. Consolidate Forestry Practices (BMP's) Issues Under a Streamlined, Coordinated and Highly-Targeted SIP:**

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- Target to forests with riparian zones and key watersheds, high value-added fiber production, significant impairments.
- Use the watershed approach as an organizing principle for targeting and planning.
- Increase acres using harvest planning and BMP implementation.
- Integrate with the President's Plan for Climate Change.
- Integrate with other tree planting programs through joint planning mechanisms (see land set aside programs below).
- Improve emphasis on water quality, particularly nonpoint source pollution prevention.
- Create programs for watershed restoration.
- Improve emphasis on wildlife habitat, particularly habitat loss prevention.
- Develop stewardship plans using a watershed approach.
- Develop better mechanisms for collaborative multi-property plans, such as trading.

#### **II. Consolidate Land Set Aside and Tree Planting Programs Into a Single, Coordinated, Highly-Targeted Program:**

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- Replace the current "alphabet soup" of set aside programs with single program that integrates forestry and agriculture into two major categories: long-term and short-term programs.
- Make tree planting a major component of land set aside programs, with appropriate planting incentives and harvesting safeguards.
- Target to riparian zones, key watersheds, and threatened high value-added forests.
- Integrate with SIP through joint planning and cross-program incentives.
- Coordinate the design and implementation of these set aside programs with other Farm Bill agriculture incentives programs.
- Create disincentives for conversion of targeted forest lands to nonforest uses, particularly where conversion to cropland is an issue.

### **SUMMARY**

