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Conservation Stewardship Program

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The hog industry: It wasn't supposed to happen this way!, continued from page 3

And if economic pressures weren't enough, 2009 saw the outbreak of a novel strain of H1N1, referred to in the press as "swine flu." Despite the fact that humans cannot get the flu from eating pork, the sale of pork dropped off, and some importers used it as a reason to restrict the importation of pork products from the US.

In the past, losses in hog production resulted in farmers hauling some of their sows to market and selling their grain instead of feeding it to their hogs. With the integration of the hog industry, some farmers got out of the meat business and concentrated on grain production. Similarly, other farmers focused their resources entirely on hog production. Those producers are now finding it difficult to reduce their production because they have no alternate source of income. As a result, the contraction of the hog industry is happening at a glacial pace. Many producers are waiting for the other person to blink first.

In all of this we have seen the development of a perfect storm that has driven hog prices sharply downward.

It wasn't supposed to happen this way. Ending transportation subsidies in Canada was supposed to eliminate distortions in the grain market. As a result, we ended up with increased hog production because West-

ern Canadian farmers saw it as away to diversify their income sources and increase the value of their grains by feeding them to hogs.

Integration was designed to allow packers to more efficiently use the capacity of their plants by scheduling production to get away from the fall and winter surge in slaughter demand. Signing contracts was supposed to reduce the price risks in hog production.

NAFTA allowed for the development of a North American meat market in which each country would do what it does best—Canada produced feeder pigs, the U.S. fed those pigs to market weight, and Mexico imported pork to feed its population. Exports were supposed to be the future of the pork industry, but along came a worldwide economic crisis, import restrictions, and something called swine flu.

Any one of these issues is enough to challenge the pork industry. Taken together, they call into question some of the assumptions upon which the industry is built.

And in some ways it is less resilient than it was when farmers could switch from grains to meats and back depending on the relative profitability of each item.



Conservation Stewardship Program

by Mike Duffy, extension economist, 515-294-6160, mduffy@iastate.edu

The Conservation Stewardship Program (CSP) is a new program in the 2008 Farm Bill. It replaces the Conservation Security Program. The acronyms for the two programs are the same but the programs are entirely different. The new program is available state wide and will offer payments to farm operators based on additional conservation measures they adopt for at least five years.

CSP is a continuous sign-up program but Sept. 30, 2009 was the deadline for the first ranking to determine eligibility for payments.

Under the new CSP the operator works with an NRCS conservationist and discusses the conservation practices they currently use and the ones they intend to adopt. The current practices determine eligibility for CSP and they count in the final ranking for the operator.

The practices considered are those that affect the primary resources of concern for Iowa. These resources are water quality, air quality, soil quality, and animals. The list of practices includes such things as injecting or incorporating manure, dust control on unpaved roads, extending existing filter strips, recycling farm lubricants, and going to no-till. There are many other practices for cropland, pasture and forest.

continued on page 5

Conservation Stewardship Program, continued from page 4

The NRCS conservationist and the operator go through the practices using the Conservation Measurement Tool developed by NRCS. The operator must meet a minimum conservation standard to be eligible; and they must be adding new conservation practices. After evaluating the existing practices and the proposed new practices, the operator will be assigned a point total based on these practices. The operators are ranked on the basis of their point total and the operators with the highest number of points will be eligible for the per acre payments.

Currently we do not know the exact payment per acre. However, NRCS has estimated nationwide that payments will be somewhere between \$12 and \$22 per acre. A payment close to \$16 per acre will be the most likely outcome.

There are a few things an individual producer should remember when considering CSP.

- The contracts are for five years.
- All of owned and operated land must be included.
- If rented land is to be considered as part of the operation, the producer must show proof of control for at least five years.
- Payments are based only on acres considered part of the operation.

There can be no double payments for existing land under a conservation payment program. For example, land in CRP, WRP or EQIP would not be eligible for a CSP payment.

There has to be at least some new conservation practices added. Existing practices will be factored into the ranking and will affect the operator's payment. The

final ranking for the various practices has not been determined, but, the operator is required to notify NRCS they would like to apply for the program by Sept. 30. This is the cutoff date to be considered in the first ranking. The operator will be notified when the ranking has been completed and when they should schedule an appointment with the NRCS conservationist.

NRCS has developed a self-screening checklist for operators to determine if the Conservation Stewardship Program is a good program for them. All producers should complete the checklist. This is a good tool to help them decide if they are eligible and should pursue the CSP program. The checklist and other information about the Conservation Stewardship Program is available at the NRCS county offices or online at: <http://www.ia.nrcs.usda.gov/programs/csp2009.html>.

In addition to the annual payments there is a special provision in CSP for the operator to receive a one-time payment for a resource conserving crop rotation. A resource conserving rotation must be at least three years and include a high residue crop, a cover crop or some type of perennial grass for at least one-third of the acres. This rotation must be new to the operation. CSP will provide an additional payment to the operator for adopting this rotation.

For more information on the CSP an operator should visit the NRCS Web site or the local NRCS office. Though the initial sign-up deadline was Sept. 30, 2009, continuous sign-up is available by letting the NRCS know of operator intent to apply. This will be the application; the interview with the NRCS conservationist will be scheduled for a later date.

“Choices” - online magazine discusses agricultural economic issues

Are you looking for brief, but objective analysis of important economic issues in agriculture? Then check out Choices, a new online magazine. Choices is published by the Agricultural and Applied Economics Association (AAEA), an organization of top agricultural economists from universities, public agencies, nonprofit organizations and private industry. Choices is published quarterly and typically contains two themes, each of which highlights the policy implications of an important current issue. Articles are based on the unbiased, current research results from land-grant universities and the U.S. Department of Agriculture, and are peer-reviewed before they are published.

The most recent issue of Choices highlights “Emerging Issues in Food Safety,” and “Emerging Countries: Converging or Diverging Economies?” Other recent issues have addressed uncertainty in the agricultural economy, land use changes, country of origin labeling, and the economics of biofuels. Articles are generally two to four pages long.

Choices is available online at www.choicesmagazine.org; you can find a link on the Ag Decision Maker home page under Related Web sites (<http://www.extension.iastate.edu/agdm/websites.html>). To subscribe, simply send an e-mail to Outreach@aaea.org and ask to subscribe to Choices. You can read it online (in full color, with no ads or pop-ups) or print it.

Updates, continued from page 1

Farmland Value Survey/ Realtors Land Institute – C2-75 (2 pages)

Please add these files to your handbook and remove the out-of-date material.

Internet Updates

The following updates have been added on www.extension.iastate.edu/agdm.

Developing Enterprise Budgets for Organic Crops – A1-25 (7 pages)

Acquiring Farm Machinery Services – A3-21 (4 pages)

Estimating the Number of Field Days Required – A3-28 (3 pages)

Hog Price Changes by Two Week Period – B2-15 (2 pages)

Idea Assessment and Business Development Process– C5-02 (3 pages)

Creating a Mission Statement, Developing Strategies and Setting Goals – C5-09 (5 pages)

What is a Feasibility Study? – C5-65 (3 pages)

Recruiting, Selecting and Developing Board Members and Managers – C5-72 (3 pages)

Board of Director Evaluations – C5-73 (2 pages)

Current Profitability

The following profitability tools have been updated on www.extension.iastate.edu/agdm/info/outlook.html to reflect current price data.

Corn Profitability – A1-85

Soybean Profitability – A1-86

Ethanol Profitability – D1-10

Biodiesel Profitability – D1-15

Returns for Farrow-to-Finish - B1-30

Returns for Weaned Pigs - B1-33

Returns for Steer Calves - B1-35

Returns for Yearling Steers - B1-35

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