



August, 2018

Dear Secretaries and Leaders of State Departments of Agriculture:

Sand County Foundation is best known for the prestigious Leopold Conservation Award we present, in partnership with many of you and your governors, to farmers, ranchers and foresters for their leading-edge environmental stewardship on productive agricultural land. Our 50-year history also includes highly successful on-the-ground conservation initiatives and collaborations to advance the use of ethical and scientifically-sound land management practices on working land across the U.S.

Sand County Foundation recently hosted 30 farmers, ranchers, leaders of environmental groups, policymakers, researchers and investors at Stanford University's Woods Institute for the Environment.

We charged them to consider a single, urgent question:

How can we scale up conservation on private lands faster and at lower cost?

We discussed the next big potential opportunities for conservation on private working land to deliver prosperity to agriculture, and improve soil, water and wildlife habitat.

You know the critical importance of private lands. They make up nearly 80% of all the land in the contiguous U.S. More than 85% of private lands are used for agriculture. These farms, ranches and forests are the bedrock of rural economies. Yet, farmers and ranchers are facing increasing pressures from consumers, the food industry and other interests to change the way they produce food and manage their land.

We convened this workshop with a sense of optimism that these pressures are actually an opportunity to reposition agriculture as a solution to many of the challenges that taxpayers want to see addressed.

Following is a summary of workshop conclusions, descriptions of initiatives and links to examples that you and other leaders of state agriculture departments can advance to help landowners, your state and the nation.

Sincerely,

A handwritten signature in black ink that reads "Lynne Sherrod".

Lynne Sherrod – Owner, Rocking U7 Ranch
Chairman of the Board
Sand County Foundation

Financial Innovations and New Stewardship Payments

Food companies and retailers, as well as banks and private investors, are bringing new financing innovations to farmers and ranchers for conservation and sustainability outcomes that can be delivered side-by-side with food, fuel and fiber production. These developing opportunities don't come from traditional banks and community lending institutions yet, but could in the near future.

For instance, **financial vehicles exist to monetize soil health, water quality and water quantity outcomes that can be validated by measurement or sound models.** In other words, after a century of talking about it, there are now new ways to compensate farmers for the public benefits they produce. In [Pennsylvania](#) and [Maryland](#), some of this funding comes from state programs or taxpayers. In other cases, private companies are paying higher prices, creating preferred supplier arrangements, or entering into longer purchasing contracts for the good stewardship outcomes farmers voluntarily choose to produce.

Our workshop participants agreed that **policy-makers like you could create more certainty and trust behind these sources of funding.** For example, some states authorize funds to finance infrastructure and environmental projects, while guaranteeing environmental credits for communities and individuals who want to develop them and buyers who want to purchase them.

State agriculture departments and your allies could provide important benefits to farmers and ranchers by helping to expand some of these financing opportunities and environmental commodity markets.

How could states provide additional effective leadership in this area?

- 1) There are now more than 100 privately-run "consumer labeling" programs. This creates confusion. **State departments of agriculture could be a trusted source to help farmers, ranchers, scientists and buyers quickly agree on common sense metrics to measure water, soil and wildlife habitat outcomes.** Farmers would benefit as less costly monitoring would leave more of the price premium to them. Consumers would benefit from a more consistent and recognizable branding of conservation-oriented farms and ranches.
- 2) State entities like agriculture and natural resource agencies, as well as federal agencies, traditionally use grants to pay for activities that benefit conservation. Eligibility for such programs is often restricted to non-profits. However, **a number of states have started using contracts to just purchase the "goods".** This is important because it opens the door for farmers and profit-seeking ag businesses to receive funding instead of restricting it to non-profit organizations.
- 3) Supply of conservation outcomes typically exceeds demand. Even when buyers exist, there is relatively little competition among them. **States can do more to create transparency and certainty that leads to investment in soil health and other long-term benefits on farms and ranches.** In addition to the direct state purchase of outcomes, described above, states can help expand demand through policies and initiatives that support long-term production contracts, innovative ways for farmers and landowners to share financial costs and rewards of soil investments, and stimulating non-regulatory demand for purchase of environmental credits.



Technology and Access

Our workshop participants emphasized that many farmers and ranchers need greater access to technology, even fundamental technology like reliable broadband. You are well aware of this, but we believe the following bears repeating.

Farmers and ranchers have potential access to unprecedented technology innovation and data. These include new software tools that could help producers maximize returns from the most productive lands and maximize conservation profits. Newer technologies could allow farmers and ranchers to use water more efficiently or even reuse it. However, that potential remains unrealized because **farmers and ranchers lack tools to access technology or trustworthy tech recommendations from peers**. Our workshop participants concluded that additional kinds of investment in technical assistance, agricultural college investment and other expertise would also help more farmers and ranchers take advantage of technological advances.

State agriculture departments could be at the center of a new wave of tech assistance:

- 1) Provide cost-share for farmers to purchase software or licenses to get key information, including precision agriculture data.
- 2) Consider convening experts who can help farmers make sense of sometimes bewildering new tech options for production and farm management. States can play a role in helping to identify promising innovations in technology that have already been field tested that could make a difference in many farmers' lives.

Government Policy and Initiatives

Government policies have not transitioned to 21st century opportunities. For example, USDA programs still focus on telling landowners how to implement each detail of hundreds of practices instead of focusing on outcomes and letting them deliver those returns in the most appropriate way.

[California's Healthy Soils Program](#) is helping to set a high bar for **multi-agency state leadership to incentivize and assist farmers and ranchers** to build organic matter and enhance the water holding capacity of their land. This fairly new program will complement the NRCS soil health programs. [A similar program](#) was established by the Maryland Legislature in 2017.

Some states, [most notably Wisconsin](#), have established **grant programs tailored to supporting producer-led watershed protection groups**. These groups engage in on-farm demonstrations, farmer-to-farmer outreach and education, technical assistance, and provide direct incentive payments for farmers to test conservation practices. We believe more states should explore the demand for farmer-led groups. They can be low-cost and do not depend upon federal engagement to thrive. Also, as more of these groups emerge, there will be an opportunity to facilitate communication and information exchange among them.



Our primary recommendations for new state initiatives, is actually an old one, farmer-to-farmer learning:

- 1) **Farmers trust other farmers more than anyone else in terms of providing management advice, but not enough investment is available to help those farmers lift up their examples and models.** Indiana's producer groups have created the [Agriculture Nutrient Alliance](#) which is a model showing how collaboration among producers (with support from agencies) can create strong learning networks. A number of states have helped encourage such partnerships but more could do so.
- 2) Louisiana State University has established a [Master Farmer certification program](#) in which shared learning occurs on the path to a recognized environmental certificate and assistance in improving farm profitability. Missouri's [Agricultural Stewardship Assurance Program](#) is another good example. **States should consider expanded support for on-farm tours, communications assistance to help farmers share their stories, and [recognition programs](#) that help other farmers learn about those who are dealing with similar situations.**
- 3) **States could be involved in tracking and aggregating environmental outcomes and facilitating partnerships and resources to ensure these groups are sustainable into the future.** [Minnesota's Agricultural Water Quality Certification program](#) is helping farmers gauge progress regarding water quality. Such voluntary, non-regulatory initiatives help farmers learn from others because they provide the data that facilitates conversations around the actions that achieve those outcomes.

On other policy matters, we note that **insurance programs remain a barrier** to crop switching and novel kinds of production. They also dis-incentivize some types of conservation. For example, innovative initiatives that increase organic matter, biological activity, and carbon storage in soils are still unvalued in insurance premiums, or worse, increase premiums. In addition, they get too little promotion and educational outreach, particularly from USDA's Risk Management Agency.

Despite the difficult budget situation many of our academic institutions face, our participants saw opportunities for states to **strengthen the role of land grant university extension agencies in promoting and advancing conservation technical assistance.** For example, there is a new effort to provide soil health training and outreach to agricultural professionals, called the [Soil Health Nexus](#). This new program of the North Central Region Water Network is increasing access to soil health research and resources among university extension educators, partner staff, farm advisors and farmers.

We believe there is an opportunity for state departments of agriculture to support these kinds of efforts and encourage private agronomy consultants to participate in them. ■

