Executive Summary for Agricultural Producers

RIPE100:
Helping American Farmers Prosper as They Invest in Our Climate & Environment
February 24, 2021

We, the farmers, ranchers, and agricultural commodity association representatives serving on the Steering Committee for RIPE, Rural Investment to Protect our Environment, are pleased to introduce the White Paper for the RIPE100 plan.

President Biden’s Administration and Congress plan to introduce sweeping climate policies across the U.S. economy, including the agricultural sector. RIPE is proposing a policy roadmap, called the RIPE100, for climate policy to include a fair return to agricultural producers for their voluntary investments in stewardship practices that deliver public benefits. RIPE100 proposes compensating farmers with $100/acre or animal unit for practices that deliver public benefits that are equal to or greater than the proposed compensation from the combination of climate mitigation, clean water, healthy soil, and other environmental services.

Agricultural producers can deliver tremendous value to improve climate, water, air and soil resources with stewardship practices including cover crops, rotational grazing, manure management, and conservation irrigation systems. Farmers and ranchers are unlikely to implement those practices nor support comprehensive climate policy if it hurts their bottom line. We are excited by the RIPE100 plan because it helps eliminate risk for farmers to invest in conservation measures, is equitable for all producers, is simple and transparent in design and can be implemented within 100 days.

RIPE100 also promotes diversity, equity and inclusion by addressing barriers that have often kept farmers of color, smaller diversified farmers, women farmers and young farmers from participating in previous programs.

We look forward to engaging in a robust dialogue that can cultivate farmers and ranchers as true champions of comprehensive climate policy.

Sincerely,
RIPE Steering Committee

Adam Bierbaum, Member, Board of Directors, Iowa Corn Growers Association

John Wesley Boyd, Jr., President, National Black Farmers Association

Brandon Hunnicutt, Vice Chair, Nebraska Corn Board; Member, Corn Board, National Corn Growers Association; Chair, Board of Directors, Field to Market (serving in personal capacity)

Eunice Biel, Minnesota Farmers Union Board of Directors; Fillmore County Soil and Water Conservation District Supervisor (serving in personal capacity)

Brad Doyle, Board of Directors, American Soybean Association; President, Poinsett County Farm Bureau; former President, Arkansas Soybean Association (serving in personal capacity)

Meredith Ellis, Rancher, G Bar C Ranch; Board Member, Integrity Beef Alliance; U.S. Roundtable for Sustainable Beef (serving in personal capacity)

Phil Gordon, Vice President, Michigan Corn Growers Association (serving in personal capacity)

Fred Yoder, Co-Chair, Solutions from the Land; Past President, National Corn Growers Association (serving in personal capacity)

*Participation in RIPE reflects a commitment to constructive dialogue and does not represent a final endorsement of any particular policy.*
Abstract

RIPE100: Helping American Farmers Prosper as They Invest in Our Climate & Environment

American farmers have a pivotal role to play in tackling climate change, but they shouldn’t sacrifice their own prosperity in the process. Livestock and row crop producers can reduce agricultural greenhouse gas emissions – which comprise 10.5% of all U.S. climate emissions – using proven management techniques that offer billions of dollars in public environmental benefits. Providing a financial incentive for farmers to use these techniques would reap a four-fold return on investment.

At RIPE (Rural Investment to Protect our Environment), a non-profit group of farmers, ranchers, and agricultural commodity association representatives, we believe that through rural-urban coalition building, we can advance bipartisan climate policy while also ensuring that farmers are recognized for their ongoing stewardship and conservation of soil health, water quality, biodiversity, and more.

RIPE100 is a proposal to directly pay farmers a minimum of $100 per acre or animal unit for voluntary land stewardship that can provide a greater benefit to the public through carbon sequestration, improved soil health, cleaner water, water conservation, flood mitigation, pollination, biodiversity, and other environmental services. This approach is supported by many program precedents, volumes of peer-reviewed research, and offers producers adequate incentive to adopt effective conservation measures.

RIPE100 is designed to remedy many of the shortcomings of carbon farming payment programs, which are a net economic loss for most farmers, and allows farmers to participate in both systems. It also promotes diversity, equity and inclusion by addressing barriers that have often kept farmers of color, smaller diversified farmers, women farmers and young farmers from participating in previous conservation programs.

The RIPE100 plan:

- Offers farmers and ranchers a profitable incentive to invest in effective farm stewardship practices.
- Integrates equity principles and rewards farmers of all sizes and types
- Complements private carbon markets with a public program that offers farmers guaranteed revenue and eliminates middlemen and expensive transaction costs
- Uses a simple program design that offers transparency to all stakeholders
- Can be implemented within 100 days, offers policymakers flexibility on funding mechanisms, with room to scale and refine as funding and political support grows.

This plan is uniquely designed to ensure that climate policy will not hamper farmer profitability, offering a path to involve farmers as true champions of climate policy as part of a broader bipartisan climate coalition to improve American farmers’ financial and environmental sustainability.
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RIPE100: Voluntary Conservation Payments to Farmers of $100/Acre or Animal Unit

About RIPE

RIPE (Rural Investment to Protect our Environment) is a coalition of farmers, ranchers, and agricultural trade association representatives advancing a bipartisan dialogue about comprehensive, common-sense climate policy that integrates fair and forward-looking agricultural solutions. We believe a powerful rural-urban coalition will form to support a federal framework that simultaneously supports climate mitigation and invests in rural America. We want farmers to earn a fair and profitable return from voluntary stewardship practices that deliver tremendous public value to carbon, soil health, water quality, and other environmental services.

The Challenge

The Biden administration and Congress have made it clear they plan to introduce sweeping climate policies across the U.S. economy, including the agriculture sector. A core proposal aimed at fostering environmentally sustainable practices by farmers is the formation of a USDA Carbon Bank that would offer producers $20/ton of avoided greenhouse gas (GHG) emissions. However, that payment level, averaging $10/acre for most stewardship practices, would not cover the cost of adopting emissions-cutting practices, such as cover crops at $30/acre, nor the cost of climate policy on farmer inputs, estimated at $6-$25/acre. This means farmers could lose in the range of $35/acre under this program.
There is a better way to pay producers for the public benefits that sustainable farming provides, including improved water quality, water conservation, soil health, biodiversity, and climate change mitigation. These benefits have an estimated value of $100 or more per acre or AU.

For that reason, RIPE (Rural Investment to Protect our Environment) proposes the RIPE100 - a USDA program that augments the private market in agricultural emissions with payments of $100/acre or AU for voluntary stewardship practices that provide an equal or greater benefit to the public for a combination of carbon sequestration, soil health, water quality, water conservation, biodiversity, and/or other ecosystem service benefits. This approach is well-established in many government and private programs and supported by volumes of peer-reviewed research.

The Solution

The program is designed in two phases.

The goal of Phase 1 is to quickly launch a program in early 2021 with congressional funding or within USDA’s existing Commodity Credit Corporation (CCC) authority for unallocated funds. In Phase 1:

1. **Farmers enroll, attend a conservation workshop and adopt conservation practices that are compensated at $100/acre or AU.** The conservation workshop provides information on best practices to address climate and other priority environmental resource concerns including water quality, water conservation, and soil health. Farmers will select and adopt one stewardship practice that is practical and suitable to their operations and be compensated at $100/acre or AU. Farmers can adopt the stewardship practice on as few or as many acres or animals as they desire. Budget constraints for Phase 1 may lead to a cap of 100 acres or AUs, and the goal of Phase 2 is to enable all operations to enroll, as much as farmers desire. The practices on the short list of options will be selected because:

   ![Net Economic Impact of Climate Policy with Payment Only for Carbon Farming](chart.png)

   For more information see Appendix C Methods and References for Chart 6.
They are widely accepted by technical experts for their environmental value to climate, water, biodiversity, and/or soil health at a combined public value above $100/acre or AU, and

At least some of them are widely accepted by farmers as practical to assure wholesale adoption.

An illustrative set of practices that meet these criteria are listed in the table below, along with their existing protocol code in USDA’s Natural Resources Conservation Service (NRCS) and the public value they deliver through ecosystem services. RIPE invites agricultural producers to work with RIPE and inform a wider set of practices.

<table>
<thead>
<tr>
<th>Livestock Practices</th>
<th>Public Value</th>
<th>Row Crops Practices</th>
<th>Public Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cover Crops (340)</td>
<td>$102/ac.</td>
<td>Cover Crops (340)</td>
<td>$102/ac.</td>
</tr>
<tr>
<td>Filter Strip (393)</td>
<td>$2,588/ac.</td>
<td>Filter Strips (393)</td>
<td>$2,588/ac.</td>
</tr>
<tr>
<td>Riparian Herbaceous Cover (390)</td>
<td>$1,754/ac.</td>
<td>Riparian Herbaceous Cover (390)</td>
<td>$1,754/ac.</td>
</tr>
<tr>
<td>Riparian Forest Buffer (391)</td>
<td>$5,045/ac.</td>
<td>Riparian Forest Buffer (391)</td>
<td>$5,045/ac.</td>
</tr>
<tr>
<td>Comprehensive Nutrient Management Plan (Development and Implementation - Value average of multiple livestock systems)</td>
<td>$439/au.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forage and Biomass Planting (512)</td>
<td>$263/ac.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No-Till (329)</td>
<td></td>
<td></td>
<td>$112/ac.</td>
</tr>
<tr>
<td>Irrigation Water Management (449) AWD for Rice</td>
<td></td>
<td></td>
<td>$141/ac.</td>
</tr>
</tbody>
</table>

2. Farmers self-certify practices and USDA oversees program integrity. Following the established precedent of existing NRCS programs, farmers will self-certify the adopted conservation practices using established NRCS protocols. If a participant is unable to implement the
approved practice in year one, they are not penalized since it is typically due to weather patterns outside of producers’ control, and they are given an extension to install the practice in the second year, as is allowed in other USDA conservation programs. If a farmer does not adopt the practice after two years, they must return the funds, apply for extension due to extenuating circumstances, or risk being disqualified from participating in any USDA program. Self-certification will be required annually and submitted to the NRCS for validation.

3. Annual payments continue, once participants develop comprehensive conservation Farm Plans. The program is intended to provide annual payments to farmers at $100/acre or AU with increasing acreage enrolled for farm or ranch, as the program budget grows. To be eligible for future year payments farmers must develop a conservation Farm Plan tailored to their farms, continue to use the adopted practice or add additional practices. Technical assistance will be provided to producers at no cost to them to attend educational workshops, develop Farm Plans, and to support ongoing implementation of the plans.

4. Enrollment is a simple and equitable process that does not penalize early adopters. To ensure that farmers of all types have equitable access to the program, some funds will be allocated for socially disadvantaged producers and operators of farms of all sizes based on acreage or number of livestock. Furthermore, enrollment should not require a complex ranking process and should provide opportunities for all farmers to participate regardless of farm size. Early adopters who have previously adopted stewardship practices before the 100/acre payment program will not be penalized and will fully qualify for the payments.

5. USDA will manage the program. USDA shall receive the funding for administration, educational programming, farm plan development, and technical assistance. The USDA shall provide support through a combination of government and private actors, as is cost effective and practical. USDA shall bid out the provision of educational workshops, farm plan development, and technical assistance services, and it will prioritize organizations that meet USDA criteria and demonstrate they have farmers’ trust, including trade associations. NRCS, the National Institute of Food and Agriculture (NIFA) and others can bid to deliver these services. USDA will receive funds to oversee the program, including an audit of up to 5% of participants, which can be implemented through NRCS and/or a combination of private actors as is cost effective and practical.

6. Complements private carbon markets with a public program that directly pays farmers with a reliable investment that eliminates middlemen and expensive transaction costs. RIPE’s proposal augments private sector payments for carbon farming, maximizing farmers’ options. Private carbon farming payments only work for a small portion of farmers, due to the small size of the market, low carbon price, and high transaction costs. RIPE’s proposal avoids high transaction costs and allows farmers to participate in both programs, maximizing farmers’ options.

Proposed Budget for Phase 1

At a program budget of $4 billion, which is less than 1% of the stimulus package or climate budget advocated by the Biden administration, Phase 1 can allow 33% of agricultural producers to enroll up to 100 acres or AUs in the program. This will enable participation of 381,000 row crop operations and 205,000 livestock operations, impacting 39 million acres and AUs. At $100/acre or AU, this means a payment of $10,000 per operator. For an operator who chooses to enroll by investing in cover crops, at an average of $38/acre, they will be spending $3,800 and netting $6,200, or $62/acre profit.
Opportunities for Advancing Phase 1

There is a significant opportunity to advance this concept within a wide range of funding vehicles in early 2021. Vehicles could include: unallocated funds from existing CCC authority; funds from expanded CCC authority; economic stimulus legislation, including but not limited to a COVID-19 recovery bill or an infrastructure investment package; the annual Agriculture appropriations bill or other vehicle used to fund the federal government; comprehensive climate legislation; or other agricultural, climate, or finance bills that seek to include this policy concept.

Agricultural stakeholders interested in advancing this type of policy conversation can engage federal policymakers. In particular, producers can engage through President Biden’s Executive Order on Tackling the Climate Crises at Home and Abroad, which directs the secretary of Agriculture to collect input from farmers, ranchers and other stakeholders on how to use federal programs to encourage adoption of climate-smart agricultural practices.

RIPE is available to train and support agricultural producers who are interested in helping advance Phase 1 in early 2021 by providing technical and educational materials.

Phase 2 aims to:

1. Expand the program budget to allow enrollment of all producers who wish to participate with as many acres or animals as they wish
2. Refine payment terms to reflect the latest science, policy costs, and give incentives for performance-based practices that maximize farmers’ options
3. Be funded in the range of $40 billion a year as part of a comprehensive climate policy package that will fairly compensate farmers for their voluntary stewardship at rates that are profitable above all policy costs - including fertilizer and other input cost increases. This budget is robust, approximating half of the Farm Bill budget, and is modest, at 8% of President Biden’s climate budget proposal.

The specific policy design elements are being co-designed with agricultural producers and stakeholders.

Clarification about Endorsement

Support for Phase 1 does not mean endorsement of Phase 2. The details of Phase 2 are being developed with agricultural leadership and no endorsements are being solicited for that phase at this time. Participation in RIPE programs reflects constructive engagement in a policy dialogue and does not mean formal endorsement of any particular policy.

If you are an agricultural producer interested in engaging and advancing this policy dialogue, please contact Outreach Director Jamie Powers at JPowers@RipeRoadmap.org. For technical policy inquiries, please contact our Policy Director Trey Cooke at TCooke@RipeRoadmap.org.

The full report is available at https://www.riperoadmap.org/resources