

# CLEAN WATER FOR ALL

## Why the Next Farm Bill Should Focus on Water Quality Outcomes

Non-point source pollution from agriculture is the leading cause of pollution in rivers and streams in the United States. Nutrient pollution is the most widespread stressor affecting America's waterways today, and agriculture is one of the largest contributors. Addressing the scale of this problem requires us to pursue more cost-effective and scalable solutions that reward farmers who help the environment. While most Farm Bill conservation programs pay farmers for implementing certain practices, an emerging approach is to pay directly for the benefits those practices create, just like farmers are paid for the crops they harvest, not the seeds they sow. Outcomes-based procurement has seen cost savings of 30-70% and can be rapidly expanded across the country by creating a nimble market for ecosystem services.

### The opportunity:

A few states are beginning to implement programs, such as in Maryland and Vermont, to buy water quality outcomes directly, but much of the rest of the country will require a nudge for outcomes procurement to proliferate from the early adopters. A Clean Water Outcomes Matching Program would:

- Establish a fund that will match (up to \$10 million a year for the first three years) state funds dedicated to purchasing water quality outcomes from farmers through pay for success contracts,
- Require state programs to,
  - Be primarily focused on purchasing the most cost-effective nutrient and/or sediment reductions,
  - Prioritize funding projects that deliver co-benefits to climate and equity,
  - Determine the outcomes using scientifically-supported measurements or modeling, and
- Mandate 5% of funds to adapt models to diversified, historically underserved farms.

### The oversight:

While it's important to encourage outcomes-based ecosystem service procurement, we also need to make sure we're correctly evaluating the environmental outcomes of existing programs. The Farmer Driven Conservation Outcomes Act would:

- Quantify the environmental benefits of conservation practices and report them to Congress.
- Authorize USDA's Conservation Effects Assessment Project and expand the Department's ability to assess natural resource concerns through enhanced measurement, evaluation, and reporting on conservation program outcomes.
- Direct USDA to use up to one percent of funding available for new enrollments of farm bill conservation programs to support the measurement and evaluation process.
- Establish a National Technical Committee to assist NRCS in monitoring and evaluating conservation program outcomes.

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## Why Outcomes Should Be A Priority in the Farm Bill

While most Farm Bill conservation programs pay farmers to implement certain practices, there can be drastic differences in the effectiveness of those practices. A more cost-effective and less risky solution is to pay directly for the benefits those practices create. When most of the conservation programs were created, this was not an option, but today much of the country has reliable, state of the art models that can accurately determine the amount of nutrients or sediment that conservation practices prevent from entering waterways, such as local rivers or large estuaries. States are beginning to understand this and implement programs, such as in Maryland and Vermont, to buy outcomes directly. This program would encourage more states to purchase water quality outcomes from farmers by matching funds states are willing to commit for the first three years.

## Program Structure

**Equity:** 5% of the fund will be dedicated to adapt models to diversified, historically underserved farms. State funds will be required to consider co-benefits related to alleviating environmental harms in communities disproportionately burdened by them when prioritizing applications. Some early-adopter states have also chosen to set aside a portion of funds for projects in communities that have experienced persistent environmental injustices.

**Eligibility:** States which establish a fund for purchasing water quality outcomes—including from farmers—are eligible for the matching program if they meet certain conditions. These funds can use revenue from the state's general fund, reallocated money from practice-based conservation programs, or fees from polluters. States in their first year of establishing outcome-based programs and states who incorporate measuring (not just modeling) outcomes are given priority, but those who have already established outcomes purchasing funds remain eligible. No state-wide program may be awarded matching funds for more than one three-year period. **State outcomes purchasing funds must:**

- Be primarily focused on purchasing the most cost-effective nutrient and/or sediment pollution reductions,
  - Prioritize funding projects that deliver co-benefits to climate and equity,
  - Utilize pay for success contracts in which farmers are compensated when the benefits are delivered,
  - Allow historically underserved producers to receive EQIP-style advanced payments, and
  - Determine the water quality outcomes using scientifically-supported measurements or modeling.
- While state funds may also allow for purchasing of nutrient reductions from other nonpoint sources, only those spent on agriculture and forestry best management practices are eligible for matching.

The Clean Water for All Coalition brings together advocates with diverse backgrounds and interests at local, regional, and national levels, to promote and conserve clean water for everyone. This factsheet was produced by Clean Water for All to advance the principles of the coalition; however, unless endorsement by an organization is specifically stated, statements and positions in this document should not be interpreted as endorsement by all of our members.