

PES - Small Farmer Group Proposal

Sep 30, 2022

Program Details

Ecosystem Service

Each existing program will be analyzed and categorized in a matrix of “stewardship levels” - depending on their potential to advance ecosystem services. A broad spectrum of ecosystem services are addressed by existing programs and this model can easily be amended to cover other tiers of ecosystem services, e.g. cultural ecosystem services, in the future.

Measured Modeled?

This would be a hybrid model. The stewardship levels are modeled but each individual program farmers enroll in supports specific practices that need to be implemented, recorded and reported - depending on the specific program requirements, which could be practice and/or outcomes based.

Quantification Tool

Not necessary. Stewardship Levels reflect existing land stewardship through agricultural practices. PES is rewarding that stewardship in a tiered way with annual baseline payments. A matrix of programmatic bundles suggest a farm's stewardship level, verified by Conservation Districts who support farm development with whole farm planning and farm teams.

This easy-to-understand regulatory or political-value system utilizes investments in IT development to cut down long-term on administrative costs associated with: a) the inefficiency of the current programmatic jungle of parallel tools whose interfaces don't speak to each other; and b) verifying specific outcomes in a scientific way on a field by field or farm. Instead, personnel investments should lead to more technical support on the ground that is desperately needed to support beginning farms and advance existing farms.

Payment Rate

The UVM Task 3 Farmer Survey suggests that a minimum payment farmers are willing to accept (WTA) lies between \$50-100 per acre, per year. The CSP+ proposal this group supported suggested a matrix of four different stewardship levels:

- Base payment at \$10K/farm every 3 years (farms must be compliant with RAPs and BMPs), plus:
 - Steward at \$10/acre/year

- Soil Builder at \$60/acre/year
- Regenerative \$90/acre/year

By providing all farms that are in compliance with required agricultural practices (RAPs) and best management practices (BMPs) a base payment of \$10K every three years, this approach incentivizes all farms to enroll in order to support their farm's viability and improve land stewardship. Additionally, farms that participate in programs and adopt practices that are categorized in the higher tiers of Steward, Soil Builder and Regenerative, collect payments associated with those levels of stewardship, in recognition of the value of the outcomes and the effort required on the part of farmers to achieve them. Payments could be per acre or paid based on a set level per farm size (small, medium, or large). Below is an example of a payment structure based on the latter.

For example - from the UVM farmer survey:

- **58.83%** of respondents farm less than 179 acres.
That could be the **small farm** tier for PES in Vermont.
- **28.34%** of respondents farm less than 499 acres.
That could be the **medium farm** tier for PES in Vermont.
- **12.83%** of respondents farm more than 500 acres.
That could be the **large farm** tier of PES in Vermont.

Annual payments based on stewardship levels per farm size. In this example, all farms would be paid within the willingness to accept (WTA) payment level of \$50-100/ac except medium and large farms that don't exceed the steward level - due to their acreage footprint they would start getting payments at the level to be at least soil builders to reach their WTA.

Stewardship Level /Payment per Year	Small Farm (median 50 acre)	Medium Farm (median 250 acre)	Large Farm (median 750 acre)
Steward	(\$50) \$2,500	-	-
Soil Builder	(\$80) \$4,000	(\$40) \$10,000	(\$30) \$22,500
Regenerative	(\$150) \$7,500	(\$70) \$17,500	(\$60) \$45,000

Should this program exist, \$1M could cover for example:

- 40% spent on admin (including IT expenses, more TA, training) - \$400,000
- 60% spent on farms land stewardship - \$600,000, for example:
 - \$352,980 on small farms (58,83% - similar to UVM survey respondents) or between **141 to 47 small farms** (depending on their stewardship level)
 - \$170,040 on medium farms (28.34% - similar to UVM survey respondents) or between **17 to 9 medium sized farms** (depending on their stewardship level)
 - \$76,980 on large farms (12.83% - similar to UVM survey respondents) or between **3 to 1 large farm operations** (depending on their stewardship level)

Whole Farm

Yes, enrollment in programs associated with a specific stewardship level goes hand in hand with Conservation Planning through the Conservation Districts with the support of farm teams.

Threshold or Baseline?

Baseline, see above

Coordinate with:

NRCD's for service and assistance with whole farm planning, program enrollment, implementation w. farm teams that are composed by and for specific farms. VT PES platform is consumer friendly by integrating all existing programs and financial incentives (governmental and private) in a single platform through advanced interface interoperability and effective data protection.

Other Considerations

Key part of advancing farm viability is VT's PES program streamlining enrollment and implementation measures across programs through a single user-friendly online platform that gives farmers full autonomy about their data by restricting and allowing for the use of their information by and across different program administrations.

Given present and anticipated farm numbers and sizes in a 30 year timespan of PES program development and implementation - what would a program budget look like that would support farms WTA that outlined minimum payments accepted? Will there be a baseline payment? Goal to secure long term annual payments per farm.

Farmers who are enrolled in the State of Vermont's PES system are precluded from receiving compensation for the ecosystems they provide through another market (no double dipping). Farmers who do enroll in Vermont's PES program decide that they are committed to advance their land stewardship on an ongoing basis; that's what they chose to get compensated for; carbon they sequester locally cannot be used to offset emissions produced elsewhere.

Roles/experience/benefits

Farmer

Ability to explore programs available and their eligibility through an easy to access online platform where they have a single profile, a local drive with all their data as well as full autonomy

about who has access to that information. This eliminates bureaucratic burdens many farmers feel when trying to understand what support is available to them while streamlining program enrollment, reporting etc.

TA provider

Service Providers can't help all farmers at the same time, and will thus also benefit from the online platform as it will streamline their process while reducing farmers' bureaucratic hurdles. They will be better able to service those with issues accessing online services and to better focus on whole farm conservation planning with farmers to guide their transition into higher land stewardship categories.

Program Manager

This proposal recommends using \$1 million in pilot program money to fund platform development, additional service providers, field staff training as well as a technical support team to maintain and ensure software stability and functionality. Beyond that, PES builds on reforming existing administrative structures, namely the Conservation Districts, to invest in more effective, viable and climate friendly farming communities across Vermont.

Benefit to Public/ State

The public charged the PES WG to assess whether existing financial incentives are sufficient or could be amended to achieve legislative goals related to ecological and economic resilience on Vermont farms. Addressing these shortfalls by setting payment incentives to advance land stewardship that contributes to ecosystem services outlined in statute and beyond is the goal of this program and will benefit the preservation of the bases of life through the work of more viable farms.

PES & SH Working Group Goals

ES clearly defined	In a way, by Stewardship Level Matrix
ES clearly quantified	no/unknown
Compensation directly linked to ES	Indirectly. since PES sets an incentive to advance across stewardship levels and thus to advance ES that farms provide. Additionally, implementation measures of individual programs that are part of those

	bundled in a stewardship level remain in place.
Compensated for carbon storage	In a way
Compensates for nutrient and soil retention	In a way
Compensates for stormwater retention	In a way
Compensates for ability to support biodiversity	In a way
Can compensate farms of diverse types	Yes
Can compensate farms of diverse types	Yes
Time-efficient (*does not mean that there's a low need for TA, it means the time that is spent with TA is more efficient)	No, this approach asks to invest in more TA on the ground. <ul style="list-style-type: none"> • farms teams, expert teams composed for the farms individual needs • legislative charge to only develop a new program "if" shortfalls of existing programs and financial incentives can't be addressed to meet the same goals. The underlying goal was to avoid adding bureaucratic burdens while not relieving pre-existing inefficiencies.
Funding efficient (*funds spent on this program benefit farmers and the public)	Yes, see above
Opportunity to support future research	Yes, can this be a role model to advance regulatory incentives in other states to advance ES with payment reforms that benefit farmers?
Opportunity to support future program changes?	Yes, new programs and incentives can and should be incorporated into the platform to maintain the benefits of a user friendly platform.

Farmer Survey Goals

Meets farmer willingness to accept (\$50-100/ac) - yes, with clear incentives for medium and large farms to advance to or maintain at least soil builder stewardship levels. This is in line with small farms being historically underserved and needing additional capital support as well as the

PES Working Groups focus on linking payments to soil health specifically - practices bundled with programs in the soil builder stewardship level all benefit soil health in a way.

Easy for farms to access - yes, this proposal is undoubtedly the most concerned not just about not adding bureaucratic burdens, but with lowering bureaucratic burdens dramatically for every farm in Vermont by streamlining access, enrollment and implementation of existing programs.

Coordinates with existing programs - yes.

Additionality - yes, tiered payment/ stewardship levels.

Meets Goals of legislation

Overall score (in a way/ indirectly being .5, yes is 1): 10