



How will The Soil Health and Income Protection Program (SHIPP) work?

According to harvest and production data collected over several years, about 10 to 15 percent of the land currently being cropped on most farms is not producing at profitable levels with today's commodity prices.

SHIPP is designed for the lesser productive acres on a farm and allows up to 15 percent of the acres that have been cropped for the three immediate years preceding enactment of the farm bill to be enrolled in SHIPP.

A three, four, or five year SHIPP contract is signed by both the landowner and operator.

Based on harvest maps, production data, or other sources, the operator identifies and selects the land to be enrolled in SHIPP.

One base acre on the farm is suspended, not terminated, on a 1:1 basis for each acre enrolled on the farm enrolled in SHIPP. Once a SHIPP contract expires or is terminated, the base acres are returned to the farm.

Using recommendations from the State Technical Committee (STC) and the local Natural Resources Conservation Service (NRCS), the SHIPP acres are planted to a low-cost perennial conserving use cover. No cost-share is provided for SHIPP perennial cover establishment.

In return for enrolling land in SHIPP the participant receives two direct benefits:

- An annual payment equal to one-half of the general CRP payment for the county in which the SHIPP acres are physically located; and

- A two percent increase in the crop insurance premium discount for insured crops planted in the crop insurance unit or units in which the farm enrolled in SHIPP is located.

Why do we need a new program for the 2018 farm bill?

Today's commodity prices below the cost of production are expected to remain for the next several years. No current farm bill program offers farmers a viable alternative to cropping their least productive acres.

CRP is not an option for many farmers because:

- CRP requires a 10 or 15 year commitment
- Acreage caps and state allocations limit available acres for CRP enrollment
- Land may not meet CRP eligibility requirements

SHIPP is a multi-year, shorter term conserving use program that provides farmers a reasonable and uncomplicated alternative.

Farmers decide which land to enroll in SHIPP and the size and shape of enrolled tracts, provided it meets SHIPP's straightforward eligibility requirements.

How can the conserving use SHIPP acres planted to a perennial cover be used?

SHIPP acres may be:

- Hayed or grazed at any time outside the nesting/brood-rearing period established for each state. (Stubble will be left at height recommended by the STC/NRCS.)
- Used for turn rows or driven through with equipment if not along the edge of a field.
- Harvested for seed, with a 25 percent reduction in the annual payment. Crop insurance is not available on SHIPP conserving use acres.

How will SHIPP be paid for in the farm bill?

The CBO score is not yet available; however, SHIPP is designed to be budget neutral. We anticipate that the increase in premium discount may be paid for by the

reduced premium assistance and indemnity exposure resulting from acres being enrolled in SHIPP.

The reduction of base acres for SHIPP at a 1:1 ratio should help pay for the annual SHIPP payments.

It there a limit or cap on the number of acres that can be enrolled nationwide?

No nationwide or state cap on SHIPP enrollment.

Is there a minimum size?

No minimum SHIPP tract size, and it is a producer's choice as to what acres are enrolled in SHIPP.

Can a SHIPP contract be terminated before its end contract date?

Yes, a SHIPP contract may be terminated by an enrollee before the end of the contract period if the participant pays back all annual payments and the cost of the increased crop insurance premium discount, as determined by Farm Service Agency and Risk Management Agency.

The Secretary of Agriculture has discretionary authority to terminate SHIPP contracts, if the need arises. Participants with SHIPP contract terminated by the Secretary will not be required to refund any rental payments or increased crop insurance premium subsidy increases received under SHIPP.

What happens to base acres when a SHIPP contract expires or is terminated by the participant or at the discretion of the secretary of agriculture?

The base acres are only suspended during the duration of the SHIPP contract, so at the end of the SHIPP contract (whether terminated by the enrollee, Secretary, or expiration of the SHIPP contract) the base acres would be returned to the farm.

If SHIPP is used to install buffer strips or other conservation practices such as waterways and these practices remain after SHIPP expires or is terminated, are the base acres still restored back to the farm?

The base acres would be suspended only while the land is actually enrolled in SHIPP. When SHIPP expires or is terminated on the farm, the base acres would return to the farm, even if the land is kept in a conserving use cover such as filter strips, buffer strips, or waterways.

Doesn't SHIPP compete with CRP and result in fewer acres enrolled in CRP?

SHIPP is not intended to compete with CRP in any way as it has a completely different purpose. SHIPP is an economic tool/option for farmers designed with economic and conservation benefit outcomes. A major factor in the development of SHIPP is to provide the voluntary, short-term conserving use program that is missing in today's agriculture policy. Certain marginal and fragile land that some argue should never have been farmed has its place in the longer term CRP of 10 or 15 years. However, 10 and 15 year easements are not workable for everyone – especially from many landlords' perspectives. A three to five year set aside program works in today's economic climate of lower commodity prices and high input costs.

How could I utilize SHIPP acres on my farm with no livestock?

Acres enrolled in SHIPP may be used as turn rows and driven through. There are no restrictions or payment reductions for selling hay harvested or grazing privileges on SHIPP acres outside of the nesting brood rearing season. Grass may be planted and harvested for seed on SHIPP acres; however, they SHIPP acres cannot be insured and if harvested for seed, the rental payment is reduced by 25 percent.

Exactly what qualifies as a conserving use cover crop? Given the cost of some conserving use crop mixes, and the requirement that SHIPP enrollees do not receive cost-share for establishing the cover, won't this have a huge impact on how popular the program is?

The bill language specifies that the STC shall determine lowest cost possible seeding mixes. These do not need to be the costly native grass, forbs, and other mixes used for CRP. What is expected is that the STC will provide basic inexpensive seed combinations or even grass monocultures that protect the soil, yet are inexpensive and can provide grazing and hay production potential.

What if I can't make SHIPP work on my farm?

This is why SHIPP is voluntary. It may not work for everyone's farming operation.

Shouldn't I expect my landlord to charge less rent for the acres I enroll in SHIPP?

SHIPP enrollment should provide a logical argument to landlords that they will benefit from participation in SHIPP because less productive soil on their land will be given an opportunity to be enhanced by the conserving use acres in place for three to five years. In addition, the expected increase in crop insurance actual production history as a result of SHIPP enrollment will benefit the land's future value.

Even if a landlord does not reduce the rent on acres enrolled in SHIPP, participation by tenants should provide a reasonable alternative to cropping their least productive rented land.

Does SHIPP offer any additional benefits for underserved, small, beginning, and veteran farmers?

Yes. We obviously need more younger farmers, as the average age of the farmer and landowner is increasing. These provisions are intended to provide extra assistance to the beginning, small, veterans, and underserved farmers.

- Will use current USDA definition of beginning, underserved, small, young, and veteran farmer/rancher.
- Pay 50 percent of conserving use cover crop establishment costs.
- Annual rental rate is 75 percent of general CRP signup rental rate.
- Crop insurance premium discount will be 3 percent.

Can SHIPP acres be enrolled in other non-federal programs?

Yes, SHIPP acres can be used, if they qualify, for state walk-in programs and other state and nonfederal programs offered by wildlife and conservation organizations.

An example is a program recently passed by the South Dakota legislature that offers landowners the option to enroll in a program that encourages them to utilize buffer strips along 575 lakes and approximately 11,000 miles of rivers and streams in the state. The buffer strip must be between 50 and 120 feet and planted to perennial vegetation which may be utilized during certain periods throughout the year. Should a landowner choose to enroll in the program, they would be eligible for a 40 percent discount on the land's agricultural income value.