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SOIL HEALTH AND INCOME PROTECTION PROGRAM (SHIPP)

Senator John Thune

2018 Farm Bill Program Designed for Today's Production Agriculture/Soil Health Needs

SHIPP is a new *voluntary* program that will address many needs in today's current agriculture climate,

- SHIPP will provide participating farmers with a short-term acreage conserving use program that, unlike CRP, will require a commitment of only three to five years.

Background:

- Most commodity crop-producing farms include a percentage of cropland that is less productive due to soil type, slope, wetland characteristics, lack of fertility and other factors.
- With today's low commodity prices expected to continue for at least a few more years most farm operators would prefer an alternative to cropping their least productive land, especially with the high cost of inputs required to grow a crop.
- CRP is not a viable option for many operators to cropping less productive land because it requires a commitment of 10 or 15 years, and residue and cover on CRP-enrolled acres has been historically difficult to control.
- Today's technology can provide operators with information to help them identify the least productive land on their farms.

How SHIPP Will Work:

SHIPP policy and rules:

- Participation is voluntary.
- Operator chooses the land to be enrolled in SHIPP on each Farm Service Agency (FSA) Farm Serial Number (FSN).
- Verification required, as determined by the Secretary, that the land enrolled is the lesser productive land on the FSN
- Both landowner and operator must sign the SHIPP contract.
- Land is enrolled in SHIPP for 3, 4, or 5 years. The Secretary of Agriculture will have discretionary authority to terminate SHIPP contracts, if necessary.

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- A maximum of 15 percent of the cropland on a FSN that was planted or considered planted to a commodity crop for the three consecutive years prior to enrollment may be enrolled.
- Land must have been planted or considered planted for three consecutive years prior to the date of enactment. One time signup will be held beginning with first crop after farm bill is passed 2019 crop.
- SHIPP acres must be planted to a conserving use cover.
- SHIPP acres may be harvested for seed after nesting, brood rearing period, but cannot be insured. (25 percent reduction in rental payment if harvested for seed)
- Base acres on the FSN are suspended on a 1:1 basis for each acre enrolled in SHIPP until SHIPP contract expires or is terminated.
- Conserving use cover crops and planting rates shall be determined by the State Technical Committee (STC) and be established at the lowest cost practicable.
- SHIPP enrollee shall pay the establishment cost of the conserving use cover crop.
- SHIPP annual payment rate shall be one-half the CRP general signup rental per acre rate for the county.
- Premium discount for insured crops planted in a crop insurance unit each year shall be increased by two percent for if the unit contains acres enrolled in SHIPP.
 - Applies only to premium discounts less than 80 percent.
 - Does not apply to CAT.
 - If an FSN with SHIPP enrolled acres contains more than one crop insurance unit, the increased premium subsidy applies to all crop insurance units in the FSN.
- SHIPP acres may be hayed or grazed outside the nesting and brood-rearing period established for the county, with adequate stubble height left standing to protect the soil, as determined by the State Technical Committee.

Example: A crop insurance unit and FSN of 100 acres with 10 acres enrolled in SHIPP. The CRP general signup rental rate in the county is \$120 per acre.

In 2019 corn and soybeans are planted on the 100 acres. The corn and soybeans are enrolled in an Area Revenue Plan at 80 percent coverage level. The premium discounts for corn and soybeans enrolled in the Area Revenue Plan are adjusted

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from 55 percent to 57 percent. SHIPP annual rental payment is \$60 per acre or \$600 total for 2018.

Underserved/Beginning/Young Farmer and Rancher Provisions under SHIPP:

- Will use current USDA definition of beginning, underserved, young farmer/rancher.
- Pay 50 percent of conserving use cover crop establishment costs.
- Rental rate is 75 percent of general CRP signup rental rate.
- Premium discount will be 3 percent.

Additional Information:

- Conserving use acres could participate in State Natural Resources or Game, Fish & Parks Walk-in programs for additional payment from the State.
- Wildlife organizations such as Pheasants Forever and Ducks Unlimited could leverage rental payments to SHIPP enrollees with additional funds to leave cover standing rather than harvest it.

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APH IMPACT EXAMPLES

For a farm with harvest/production data that can be identified by harvest mapping using the parameters below:

Example 1:

One field/one crop:

100 acre corn field/farm with three years of harvest/production data:

- Current APH is 155 bushels/acre
- Harvest map shows 20 acres on the field that have an yield average of 135 bushels/acre
- 15 acres of the 20 less productive acres are enrolled in SHIPP and taken out of production for five years.
 - According to the APH before SHIPP enrollment the field would be expected to produce 15,500 bushels

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- 15 acres enrolled in SHIPP at 135 bushels/acre would be expected to produce 2,025 bushels (15 X 135) and the 85 acres would be expected to produce 13,475 bushels with a yield of 158.5 bushels/acre (85 X 158.5 bushels/acre).
- In five years the APH for the farm, assuming average production would be calculated as five years @ 155 bushels/acre and the subsequent 5 years @ 158.5 bushels/acre or after five years an APH of 156.75 or slightly more than a 1 percent increase in APH for this field.

Example 2:

One field/one crop:

100 acre corn field/farm with three years of harvest/production data:

- Current APH is 155 bushels/acre
- Harvest map shows 10 acres on the field that have an yield average of 55 bushels/acre
- The 10 acres of least productive land are enrolled in SHIPP and taken out of production for five years.
 - According to the APH before SHIPP enrollment the 100 acres would be expected to produce 15,500 bushels
 - 10 acres enrolled in SHIPP at 55 bushels/acre would be expected to produce 550 bushels (10 X 55) and the 90 acres would be expected to produce 14,950 bushels with a yield of 166 bushels/acre (90 X 166 bushels/acre).
- In five years the APH for the farm, assuming average production would be calculated as five years @ 155 bushels/acre and the subsequent 5 years @ 166 bushels/acre, an APH of 160.5 or approximately a 7 percent increase in APH for this field.