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Vermont Farmer Perspectives on Payment for Ecosystem Services (PES) Programs:
A Summary Report

Full report available at www.whiterivernrcd.org

Hosted by: The Vermont Conservation Districts, namely the Franklin, Orleans, Poultney Mettowee, White River, and Winooski Conservation Districts

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About the Study: In 2021, VT Conservation Districts conducted five focus groups with a total of 72 farmers and technical service providers from across the state of Vermont. Interviewees ranged in age from 23-80 years old, and came from a variety of farm/operation types including diversified vegetables, dairies, and row crops. Focus groups explored farmer perspectives around payment for ecosystem services (PES) programs. Discussion included, but was not limited to, the perceived ecosystem services farms can offer, strengths and weaknesses of existing PES programs, and suggestions for and considerations around PES program design. This report summarizes the key findings from these focus group sessions.

Perceptions of Ecosystem Services & PES Programs: The farmers highlighted a range of different ecosystem services that farms can offer i.e., benefits associated with soil health (such as carbon sequestration and flood mitigation), providing wildlife habitat, and protecting water quality. They widely recognized the existence of environmental harms associated with agriculture, but pointed to larger farms as those primarily responsible, and also noted the impacts from urban and built environments. Farmers generally seemed to value and take pride in the ecosystem services that they offer through their management practices on their land.

Most farmers expressed interest in payment for ecosystem services, and the potential to support farm viability and positive environmental outcomes. However, many also vocalized concerns about the efficacy of such programs and the burdens that they can place on farmers. Farmers were interested in using PES programs to a varying combination to create environmental gains and support farm viability. Farmers expressed interest in public and private benefits that PES programs can offer through a combination of education and technical assistance, economic impacts, and positive bio-physical changes (in environmental and/or productive terms).

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Challenges around Existing Programs: Farmers were largely appreciative of existing PES programs. They mentioned a variety of different programs, but were most familiar with USDA-Natural Resources Conservation Service programs, most frequently bringing up the Environmental Quality Incentives Program (EQIP) and Conservation Stewardship Program (CSP). Farmers were also aware of the plethora of smaller, state-funded conservation programs.

Farmers identified a range of different challenges and/or frustrations that they have encountered around existing programs including:

- 1) **Limitations & stipulations around funding.** Farmers are frustrated when program limitations and stipulations disqualify them from financial assistance and/or place requirements on how to implement practices with which they don't agree or don't think are best suited for their context and circumstances.
- 2) **Inability to access funds.** Several farmers cited their inability to access funds as a program challenge, due either to limited funds within programs or factors of program design which may make their application ineligible or uncompetitive.
- 3) **Slow project turnaround.** Slow turnaround on contracts and projects was cited as a frustration by numerous farmers. It can sometimes take longer for program funding and processes to move forward than is preferred or needed by farmers.
- 4) **Insufficient cost share/payment rates.** The funding associated with some existing programs may not always be sufficient to enable/motivate farmers to do practices or install infrastructure that they are interested in. Farmers are often expected to handle a portion of implementation/maintenance expenses, an aspect which can be a major challenge and deterrent to conservation practice implementation.
- 5) **Issues with program staff.** A couple farmers spoke to challenges around programs which have resulted from the shortage of program staff time, communication, and capacity. Poor relationships with program staff was noted to be a challenge, where applicable.
- 6) **Programs reactive rather than proactive.** A couple farmers noted existing programs are largely reactive versus proactive, requiring a problem to be active and visible before receiving money, rather than being proactive and preventing the problem from occurring in the first place.

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Key Takeaways for PES Program Design: These Vermont farmers shared a varying range of ideas and suggestions for the design of future payment for ecosystem services (PES) programming.

- 1) **Farmer voices and perspectives need to be included in the design, development, and implementation of agriculturally-oriented PES programs** in order to create programs that are appropriate to farmer circumstances and have the potential for meaningful and effectual impacts.
- 2) **Programs need to provide participating farmers flexibility and space to innovate** on their farms. Farmers are frustrated and discouraged when they feel unfairly or inappropriately limited by programs. Farmers want to maintain independence and their decision-making autonomy.
- 3) **It is important to have a variety of programs which are able to support both transformational and incremental changes on farms.** Many of the farmers were interested in PES programs which supported transformative and whole-farm, holistic changes. However, many farmers also recognized the value and practicality of using programs to support more incremental and transitional steps especially as transformative changes can be financially and emotionally expensive.
- 4) **It is important to have programs which both provide support for existing stewards and promote environmental gains.** Most farmers were interested in programs which created real environmental gains. However, many farmers also expressed frustrations with programs which did not support land managers interested in making proactive changes or which excluded the participation of farmers who were already being good stewards of the land. Farmers shared a variety of different opinions around programs prioritizing environmental gains versus supporting stewards, suggesting that there is a value in both types of programming. However, many farmers identified a lack of existing programming geared to supporting existing stewards of ecosystems.
- 5) **Compensation to farmers for program participation must be meaningful.** The compensation package associated with participation in PES programs is critical to the participation of farmers and program impacts. Farmers were most interested in compensation in the form of direct financial payments. Payment rates need to be meaningful; several farmers asserted the need for full-payment programs, not just cost share programs. In addition to direct monetary payments, farmers also valued programs which offered individualized technical assistance and which conducted outreach and education. Farmers appreciated programs with minimal administrative burden.

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- 6) **Farmers are interested in PES programs which provide equitable distribution of resources across different types of farms & farmers.** Farmers recognized that every farm and farmer is different, and that PES programs should be designed so all farmers/farm types are able to benefit from programming. Numerous farmers expressed frustration with how certain farms get left out of current programming, calling specific attention to small-acreage farms.
- 7) **The nature of funding sources & administering agency for PES programs matters to farmers.** Farmers care about what agency or organization administers PES programs, even while they have varying opinions on what the ideal administering organization & funding source may be. A couple farmers expressed concerns about the taxpayer costs of publicly-funded PES programs. Numerous other farmers supported publicly funded PES programs, expressing reticence about private payment for ecosystem markets and articulating the need for the public to invest in ecosystem services. The nature of the funding source and administering agency impacts farmer perspectives on PES programming.
- 8) **Trust in the administrators of a PES program is critical for farmer participation and for facilitating positive experience.** It is important for PES program staff and participants to trust and respect each other. The strength of the staff-program participant relationship is critical to the success or failure of any program. It is also critical that farmers are able to trust the stability of the funding source and program, so that they can count on the program and associated compensation to continue to be there. Farmers also cited the importance of being able to trust in the accountability of the administering organization, both for farmers and the public. Numerous farmers brought up how stable, long-lasting programs are critical for supporting long-term outcomes.
- 9) **Every farm is different. PES programs should offer individualized technical assistance and use contextually-appropriate goals and metrics for success.** Farmers articulated that every farm is different, and that they value receiving individualized technical assistance which is specific to their farms. Farmers also thought it was very important to set goals and use success metrics which are appropriate and specific to the farm context, via Conservation Planning. Many farmers were interested in outcomes-based goals & metrics for PES programs, but had varying opinions on how to measure those outcomes. Numerous farmers seemed interested in using direct measurements (i.e., soil tests) to measure these outcomes-based metrics on their farm, rather than just relying on models. However, farmers also acknowledged the potential need for the use of modeling.
- 10) **Farmers appreciate existing conservation programs, and see promise in building on and/or reworking these programs.** Farmers largely appreciated existing PES programs, and saw the potential for their improvement. Numerous farmers asserted that there was not necessarily a ‘need to reinvent the wheel’ and cautioned against creating redundant or overly-similar programs.