

Agricultural Outlook Forum 2003

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NEW CONSERVATION PROGRAMS AND PARTNERSHIPS How Private Sector Technical Service Providers Will Participate

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Introduction

The Certified Crop Adviser (CCA) Program is a certification program of the American Society of Agronomy (ASA) developed in 1991 in partnership with government, academia and industry. The program is based on voluntary participation and open to anyone that advises growers on a regular basis and is willing to subject themselves to the program's rigorous testing and high ethical standards.

The CCA Program has proven to be a remarkable success story for production agriculture. Currently, there are approximately 15,000 CCAs represented by 37 local CCA Boards covering 49 states and 9 Canadian provinces. Each CCA Board includes representation from state or provincial level departments of agriculture, natural resources and water quality as well as university scientists, farmer groups and industry. These CCAs currently impact greater than 70 percent of the crop acreage in the United States through agronomic recommendations for crop and livestock producers. This partnership, by working together with all aspects of the agriculture and natural resources sectors, strives to provide the most professional and qualified input and agronomic advisers to North American food producers.

In 1998, the CCA Program was the first private sector group to sign a Memorandum of Understanding (MOU) with USDA-NRCS as a qualified third party vendor to provide conservation planning technical assistance in nutrient management, pest management and residue management. On February 6, 2003, CCA signed a "next generation" MOU with USDA-NRCS as a qualified Technical Service Provider (TSP) to provide conservation planning technical assistance in nutrient management, pest management and residue management.

Over 90% of the CCAs are employed by or work in the private sector for a cooperative, ag retailer or are independent businesses. Many aspects that are required in conservation plans are already being done by CCAs in serving their grower customers such as nutrient and pest management. CCAs are now recognized as TSPs via the MOU process with implementation to take place in the near future.

Key Points

The 1996 Farm Bill prepared the way for private sector "third party vendors" to participate in the delivery of conservation technical assistance. This opened the door to the private sector; however, limited funding resulted in limited participation. The 2002 Farm Bill placed renewed emphasis on utilizing the private sector to deliver technical assistance as technical service providers. The proposed funding has the potential to greatly expand the involvement of the private sector as TSPs.

In order for the private sector to fully engage as TSPs, the system to become a TSP must be appropriate to maintain quality but not overly burdensome so that it deters involvement and there needs to be the opportunity to earn a profit in providing the service so adequate funding must be available.

Qualifications: The MOU process provides a streamlined qualification process by working with existing private sector certification programs. This process needs to recognize the qualifications of those certified and not add any unnecessary and duplicative training requirements. Additional training may in fact be necessary but it should be based on need, what is required to perform adequately and built into the continuing education system of the certification program.

A national MOU is needed that allows for some state flexibility to add those requirements that are specific to state law. If each state NRCS office is allowed to add to the national MOU as much training as they think is needed, we will end up with 50 different TSP programs. This will create friction between states and among those that are certified to the point that it will deter involvement from the private sector.

It is not recommended that the system be so weak that quality suffers. That is where the private sector certification programs add quality control. Requiring an individual to first be certified in a discipline before becoming a TSP would enhance the quality control as well as provide a continuing education tracking system and an ethical standard that would provide for the removal of poor performers. NRCS would gain efficiencies by using the certification programs that are already in place without having to create new ones.

Payment: A realistically fair and equitable payment system needs to be implemented by USDA in order for the private sector to be involved in the delivery of technical services. The private sector needs to be able to earn reasonable profits for this to work. The government or public agencies cannot also offer the same services in the same geography for free. There needs to be a level playing field for all participants.

Agriculture input suppliers have traditionally “bundled” services with product sales. The perception is that the service component does not have a visible charge for it and ends up being free. This does not show the true value of the services that are provided. The industry as a whole will need to rethink this marketing approach as they implement TSPs where there may be little to no product sales needed to implement the conservation plan. This practice is slowly changing as product and service sales appear independently of each other.

One example of a payment system is for the grower to receive a payment voucher or certificate indicating the amount of technical service funds that will be provided. The grower then selects the appropriate TSP from the registry. The grower and the TSP know upfront what amount of funding is available for the project. Once the project is completed, e.g., a nutrient management plan is written, the voucher is signed over to the TSP for payment by NRCS. The TSP turns the voucher over to the NRCS office for payment. This also indicates to NRCS that the work has been completed.

The national NRCS will need to set payment guidelines or ranges that states will need to work within. This will allow for demographical differences within the range for a specific project. It cannot be a one size fits all approach but the boundaries will be needed to avoid over and under payment. Some grounding with both public and private sector data will be needed to establish the payment ranges.

Summary

A simple but adequate qualification process by using MOUs and a payment structure that allows the private sector TSP to earn a profit and compete on a level playing field are two keys to engaging the private sector as TSPs. Private sector TSPs such as CCAs will build on to their existing services and in many cases it will be services that they already offer to their grower customers.

Implementation will take many forms from one person businesses to multiple, disciplinary companies that may or may not sell agricultural inputs. Many conservation plans will require a team of individuals with various skills and knowledge bases to provide the complete range of services that will be needed to fully develop and implement the plan. Each farm business is unique so the system needs to allow for some flexibility with national guidelines and allow the grower to select the appropriate TSP to meet their needs.