

# The Landowner Incentive Program: Model State Approaches and Recommendations to the U.S. Fish & Wildlife Service



DISCUSSION PAPER

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July 2003

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We welcome any opportunity to provide more specific comments to states or the Service on past or future Landowner Incentive Program proposals or to further discuss the information contained in this paper.

### **The Center for Conservation Incentives**

An initiative of Environmental Defense  
with major support from the Doris Duke Charitable Foundation

Environmental Defense, with major support from the Doris Duke Charitable Foundation, created the Center for Conservation Incentives to develop and implement incentives for the conservation of rare species habitat on private lands. Conservation incentives for private landowners are especially important since most endangered species rely on private lands. Therefore, success in conserving America's natural heritage depends in large part on creating incentives to encourage private landowners to be good stewards of their land. Environmental Defense has a long track record in designing effective incentives, including the Conservation Reserve Enhancement Program and the Safe Harbor program. The Environmental Defense Center for Conservation Incentives will direct incentive funding toward on-the-ground conservation projects, conduct research, and partner with landowners and conservationists to improve incentive programs.

**Center for Conservation Incentives Website:**  
<http://www.environmentaldefense.org/go/conservationincentives>

*Cover: A work crew of the East Molokai Watershed Partnership installing a fence on private land to keep non-native mammals out of native forest and areas to be reforested. The Watershed Partnership is a public-private partnership working to protect and restore important watershed areas through fencing, restoration of native species, and invasive species control. Projects such as this will be funded through Hawaii's Landowner Incentive Program.*

## Executive Summary

Restoring and maintaining habitat on private land is essential to meeting our nation's conservation goals because so many species depend upon this land for survival.<sup>1</sup> Recognizing that our nation's species conservation goals cannot be achieved by focusing effort solely on public lands, federal and state governments have been allocating increasing financial resources to the conservation of imperiled species on private lands. However, habitat management costs and competing pressures on private land use challenge such conservation efforts.

The new federal Landowner Incentive Program (LIP) addresses these challenges to imperiled species conservation through partnerships between the U.S. Fish and Wildlife Service (Service) and states. With funding authorized by Congress, the Service funds states to set up landowner incentive programs tailored to the conservation needs of each state, and to implement these programs. State programs are to provide technical and financial assistance to private landowners to restore and maintain habitat for endangered, threatened, and other imperiled species.

In 2003, the first year funding was available, 47 states requested over \$60 million in funding from the program. The U.S. Fish and Wildlife Service distributed LIP funds through a two-tiered award system. The Service awarded \$6.8 million of "Tier I" funding to 39 states to establish new or expand existing programs. Twenty-two states received \$27.9 million in "Tier II" grants to provide assistance to landowners to manage rare species habitat on private lands.

## Purpose of this Paper

Anticipating long-term federal support for LIP, the Center for Conservation Incentives hopes to work with states and the Service to enhance the success of the federal and state programs and ensure that federal support for LIP continues. Toward this end, we reviewed a substantial portion of the proposals submitted in 2002 by state agencies in order to:

1. Identify successful proposal strategies that either surpassed the 2002 proposal requirements or satisfied them in a particularly innovative way. By identifying what worked in 2002 we hope to provide useful information as state agencies develop proposals in 2003 and beyond.
2. Make recommendations to the Service on how the administration and implementation of the federal LIP could be improved. Our recommendations are based on our own conclusions, but largely echo similar recommendations voiced during our discussions with state personnel.

We disseminate this paper as the beginning of a dialogue we hope to have with the states and the Service. We hope to build support for the continuation of LIP by seeing that it achieves its goals of conserving species and habitats on private land and seeing that it does so effectively and efficiently.

## Conclusions-State Proposals

Based on our review of more than 60 percent of funded and un-funded state proposals, successful proposals had the following characteristics – some but not all of these features were explicitly required by the Service’s 2002 proposal criteria for LIP grants.<sup>2</sup>

### TIER I

1. *Developing a program niche.* Successful proposals described how a program would be designed to complement, rather than duplicate, existing state or federal programs.
2. *Providing for broad outreach and fund distribution.* Outreach should go beyond traditional partners and offer opportunities for many landowners to enroll. Using a diversity of media (e.g. websites, public presentations, and newspaper articles) will facilitate that enrollment.
3. *Creating adequate staff capacity.* Federal grant administration, landowner outreach, and habitat management are specialized and time-consuming tasks that require dedicated staffing. Successful proposals created such positions and specified staff work objectives. Many states found ways of securing dedicated LIP staff despite hiring limitations.
4. *Providing additional incentives.* Funding habitat restoration costs is only one type of incentive. Many states provided other incentives to encourage landowner participation.
5. *Addressing regulatory concerns.* Recognizing that restoring rare species habitat on private land can create regulatory concerns for landowners, many proposals had an explicit strategy for dealing with such concerns (e.g. safe harbor agreements).

### TIER II

1. *Setting measurable goals.* Successful proposals defined conservation goals in terms of measurable outcomes (e.g. enhance or create a defined acreage of habitat, enroll a certain number of landowners, etc.). States generally planned to achieve such goals within 1-3 years ensuring rapid use of funds and expanding demand for future federal LIP funds.
2. *Establishing transparency in decision-making.* Most funded programs recognized the need for landowners in competition for LIP funds to have information about the grant application and review process. Such programs provided transparency to landowners by making sample applications and landowner proposal evaluation criteria available. Moreover, many created diverse review panels that would help head off any claims of bias in decision-making.
3. *Selecting a realistic conservation focus.* Recognizing logistic constraints that could prevent staff from working in all habitats across a state, successful proposals often focused on particular species or habitats where LIP funding could achieve significant results.

4. *Integrating with other conservation efforts.* Funded proposals tended to adopt goals already established in state or federal planning documents (e.g. species recovery plans, strategic plans, state GAP analyses).
5. *Developing a program niche.* Successful proposals tended to explain how selected LIP projects would secure conservation outcomes not achievable through established programs.

## Recommendations to the U.S. Fish and Wildlife Service

Based on our review of proposals and our discussions with state agency personnel, we make the following recommendations to the Service on implementing the program in 2004 and beyond:

1. *Speeding administrative processes.* The 2002 funding rescission highlighted the striking delays that occurred in this program's formation. Such delays are particularly unfortunate given the emphasis the Administration has placed on working with landowners<sup>3</sup>. The Department of Interior and other Administration offices overseeing LIP should ensure that administrative procedures do not unnecessarily impede program implementation and frustrate the efforts of states and private landowners to help rare species.
2. *Allowing states to set their own priorities.* On paper, LIP allows states to define their own priorities within the Service's broad strategic goal framework. States should be allowed this freedom even if their priorities are not perfectly aligned with those of local Service offices.
3. *Increasing transparency in decision-making.* The Service should adhere to the same "fair and equitable process" requirements that apply to states and use a truly diverse review panel that, like its Private Stewardship Grant Program, includes non-federal employees.
4. *Narrowing the definition of species-at-risk.* A narrower definition of species-at-risk would be more consistent with the Service's strategic goals and would formalize the preference the Service has already shown for proposals that aid species that are more than locally imperiled.
5. *Standardizing environmental review.* Compliance review of proposals under relevant federal statutes is an important process, but one that could benefit from a uniform approach throughout the Service's regions. After notification of proposal success, a state is unlikely to welcome months of paperwork before funding can be used to help rare species.

## Paper Organization

This paper describes our findings and recommendations on the non-Tribal portion of the LIP. **Part I** summarizes the background of LIP. **Part II** summarizes notable characteristics of 2002 proposals. **Part III** summarizes the recommendations of states and Environmental Defense for implementation of LIP by the Department of Interior in 2004.

## PART I. BACKGROUND

In 1997, under the administration of then-Governor Bush, the State of Texas launched the first Landowner Incentive Program. The Texas LIP provided small grants (typically less than \$10,000) to landowners to carry out habitat improvement projects on private land with the goal of benefiting rare species.

Following on the success of the Texas program, the 2002 federal budget proposed funding for all states, territories, and tribes to establish landowner incentive programs. Congress approved the budget, and the 2002 Department of Interior Appropriations Act implemented it on November 5, 2001. A Federal Register notice announced the program eight months later, and the Service issued a final request for proposals on October 1, 2002.

On February 25, 2003, nearly a year and a half after funding was appropriated, Secretary Norton announced that \$34.8 million had been awarded to 42 states to fund the establishment and implementation of landowner incentive programs. Although some states, notably Texas, Colorado, and North Carolina, had preexisting private landowner assistance programs that targeted rare species habitat restoration, this funding provided the first opportunity for many states to create their own landowner incentive programs.

Funding was and likely will continue to be provided under two tiers. Specifically, states can apply for Tier I funding to establish a new state LIP or expand an existing program. States can also apply for Tier II funding to support technical and financial assistance to private landowners. The majority of LIP funds are intended to go directly to habitat restoration projects undertaken on private lands.

**Due to delays in the federal administration of LIP, Congress rescinded the \$40 million provided in 2002 appropriations.** States and landowners lost the opportunity to use this money for conservation work on private lands. However, Congress approved an equivalent allocation to LIP in 2003, and the Service used these funds to support successful 2002 applications.



### Texas' Story: The First Landowner Incentive Program

In 1997, Texas initiated the nation's first LIP to focus exclusively on paying landowners to help conserve rare species on their property. The Texas LIP budget grew from an initial \$100,000 to almost \$2 million in 2003. **What makes the Texas LIP successful?**

- An **open application and outreach process** that has attracted hundreds of applicants.
- A **landowner-friendly** focus that builds trust.
- **Cost-share and non-monetary awards** like the recognition provided through the Lone Star Land Steward Award attract applicants.
- **Dedicated staff** in each of six regions who make site visits and help landowners develop a LIP application.
- A focus on small, cost-effective grants that ensure that **many landowners get involved** and that **the work gets done efficiently**.

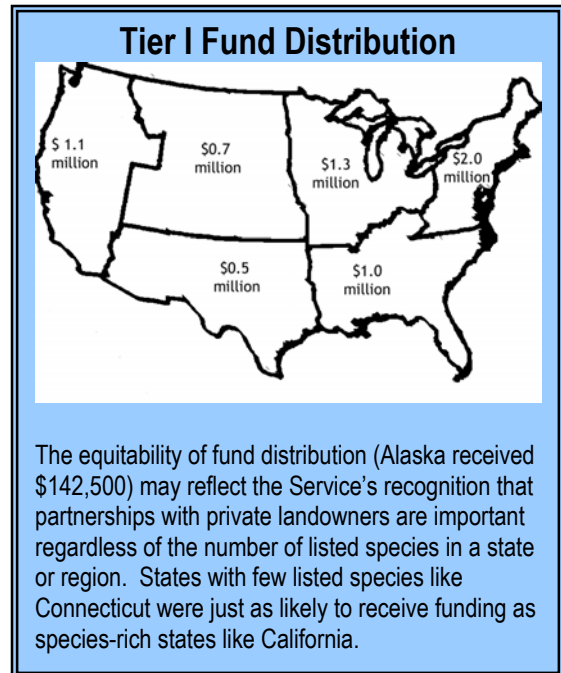
More than 100,000 acres have benefited from the program in 5 years. In the words of Mike Berger, Texas Parks and Wildlife Department branch chief, "If we can help private landowners take conservation action that improves habitat, and their neighbors see this and the idea spreads, that could have a big impact beyond what we're able to do on our limited public lands," he added, noting that approximately 95 percent of the Texas landscape is privately owned.

<http://www.tpwd.state.tx.us/conserves/lip/>

## PART II. REVIEW OF 2002 TIER I AND II PROPOSALS

### TIER I: ESTABLISHING AND EXPANDING PROGRAMS

Recognizing that the needs and priorities of landowners and states vary across the nation, the Service established few requirements for new landowner incentive programs. According to the Service's eligibility requirements for Tier I grants, proposals should demonstrate the program's ability to: (1) deliver technical and financial assistance to landowners; (2) provide administrative functions such as fiscal and contractual accountability; (3) use LIP funds to supplement existing state and federal programs rather than duplicate them; (4) distribute funds to landowners through a fair and equitable system; (5) provide outreach and coordination that assist in administering the program; and (6) describe a process for identifying a list of target rare or migratory species and provide realistic and quantitative goals and performance measures that will further the sustainability of the target species and conserve its habitat.



### SUCCESSFUL APPROACHES:

Unsurprisingly, Tier I proposals that received funding in 2003 did a relatively good job of addressing the Service's six requirements described above. However, our review suggested that the following characteristics, only some of which were elaborated in the Service's list of requirements, further defined a successful Tier I proposal:

**Developing a Program Niche:** Several existing programs complement the objectives of LIP. For example, the U.S. Department of Agriculture's (USDA) Conservation Reserve Enhancement Program (CREP), Wildlife Habitat Incentive Program (WHIP), Environmental Quality Incentives Program (EQIP), Grassland Reserve Program (GRP), Farm and Ranchland Protection Program (FRPP), and WRP (Wetland Reserve Program); the Department of Interior's (DOI) Partners for Fish and Wildlife program; and numerous state programs already provide assistance to landowners for conservation purposes (for more information on such programs, see [www.privatelandstewardship.org](http://www.privatelandstewardship.org)). Since funding for some of these programs dwarfs that of LIP, LIP funds will provide a greater conservation benefit if used to achieve benefits to habitats and species that these programs cannot achieve or to enroll landowners not eligible for these programs.

Recognizing this fact, some successful proposals described how LIP would complement the conservation strategies and benefits of existing programs. For example, states planned to:

- Target habitats poorly served by existing programs.
- Target species poorly served by existing programs.
- Involve landowners not reachable through existing programs.
- Provide financial incentives or technical assistance on properties already enrolled in other programs but through which the objectives of LIP cannot be achieved.

In contrast, unsuccessful LIPs often duplicated better-funded programs or failed to describe how LIP would extend their capabilities. It is also important to recognize that relying on existing programs for all technical advice and/or landowner contacts, or routing LIP funds to landowners already involved in existing programs with minimal new biodiversity benefits, may fail to build a unique reputation for LIP. Without such a reputation, future funding for LIP will be more difficult to secure. More importantly, such strategies fail to attract new conservation stewards.

### Distributing Outreach and Funding Broadly:

Most successful proposals went beyond simply planning to direct LIP funds to existing landowner partners or contacting individuals previously identified as owning high quality habitat. In particular, proposals tended to plan broad outreach strategies to educate the public about the importance of conservation on private land and to inform a diverse landowner audience about the availability of LIP assistance. Such strategies include LIP-dedicated web pages, articles in local magazines and papers, and public presentations to landowner groups. Some funded proposals targeted only a small set of landowners or conservation organizations, but this was generally not a successful strategy.

Many successful proposals also described the assistance they would provide to landowners to develop Tier II proposals and the individual attention that would be devoted to helping potential applicants, many of whom might be unfamiliar with grant application processes. Such outreach establishes personal relationships with benefits that go beyond a successful or unsuccessful proposal process.



### Oregon's LIP-Dedicated Website: Broad Outreach Strategy

The Oregon Department of Fish and Wildlife provides a model for broad outreach. In particular, ODFW will expand their website to include information on:

- The Oregon LIP and its objectives
- Habitat restoration programs
- Other funding sources for habitat conservation projects benefiting at-risk species
- A list of projects funded

This outreach strategy is **fair** to diverse landowner groups because it makes information about LIP assistance widely accessible. Moreover, informing such a broad constituency **will enhance long-term program success** – and promote conservation efforts in general – by developing partnerships with many private landowners.

**Creating Adequate Staff Capacity:** It is inconceivable that a state could create a new program or implement over \$1 million in new contracts without staff to deliver technical and financial assistance and conduct outreach. Many successful proposals created staff capacity focused on outreach, some created staff primarily to administer funds and contracts (and the voluminous paperwork that can entail), some dedicated staff to on-the-ground assistance, and some did all three. In cases when existing programs already provide adequate staff to implement LIP, proposals described how these staff would do their jobs differently to carry out the proposed LIP, as well as any additional training they might receive.

Providing dedicated staffing does not require a state agency to hire new employees. In fact, many states are under hiring freezes that prevent them from doing so. Instead, some states worked with conservation organizations, universities, or cooperative studies units to create the staff capacity they needed to implement LIP.

### **Providing Additional Incentives:**

Although some landowners are in a position to set aside their land for conservation purposes without considering economic factors, many producers' livelihoods depend on their land. Cattle and crops occupy 60 percent of the private land in the lower 48 states. Some proposals recognized that getting these landowners involved would require different incentives than simple habitat restoration cost-share payments.

In particular, several proposals explicitly recognized that landowners may require rental payments to sway their "bottom line" in favor of conservation. For example, an additional incentive or rental payment might be needed to persuade landowners to set land aside for conservation purposes. Annual rental payments or one-time signup payments compensate landowners for the economic return they might have otherwise gotten from cropping, grazing, or logging an area or from doing so in a more intensive way. Such a payment strategy is not appropriate for all lands. In particular, additional economic incentives are especially inappropriate when the project site does not otherwise have an economic value to the landowner. **Nor is such a strategy appropriate when another federal program can achieve the exact same goal.** However, rental payments can play a role in developing partnerships with landowners who otherwise could not participate.<sup>4</sup>

### **Staffing and Match Challenges**

States are currently facing difficult fiscal climates in which to find matching funds or new staff positions dedicated to LIP. A number of state LIP proposals devised approaches to help get around this issue:

**Partnering with non-government organization(s):** Some states hired staff through, or found 25 percent cost-share from organizational partners who were interested in working together on LIP when they and the state agency had common goals. In some cases multiple organizations were involved. Such organizations can often play a useful role in outreach, but it is still important to make sure that LIP truly reaches a broad audience.

**Landowner match:** In-kind contributions such as labor and use of landowner equipment through Tier II could cover all of the non-federal match requirement for projects leaving states to only find match for their \$180,000 or less of Tier I federal dollars.

**Legislative appropriations:** Although not always politically possible, legislators are often interested in hearing about ways to bring additional federal funds into a state. They might support a small appropriation of state funds that bring in three federal dollars for every \$1 appropriated by the state.


Another strategy was to identify cases in which management needs of rare species coincided with the management requirements of habitats or species of direct interest to landowners. In such cases a landowner might be willing to forego some economic gain in return for assistance restoring habitats they already value. **It is important that such strategies bring real benefits to rare species rather than primarily benefit common species, with only incidental and slight benefits to at-risk species.**

Although it provides the most cash directly to landowners, buying **conservation easements** is one of the most expensive uses of LIP funds per acre, and thus will likely achieve less conservation benefit per dollar than other incentive approaches. However, LIP funds could be used in concert with other programs in a targeted easement use that might provide a significant impact.

### Addressing Regulatory Concerns:

Landowners may be reluctant to restore and maintain habitat for listed species out of fear that they will incur Endangered Species Act or other restrictions on the use of their land. Such landowner concerns about the regulatory consequences of supporting habitat for rare species could potentially impede restoration work and might push LIPs to focus more on species of lesser concern. While such species are certainly important, listed species are arguably the group of greatest conservation concern and thus are the most important species to target in restoration projects.

Successful proposals planned a variety of strategies for ensuring that regulatory concerns would not undermine their efforts to involve landowners in LIP. In particular, several states plan to encourage landowners to enroll in safe harbor programs. Other states plan to provide additional payments (such as the rental payments described above) to overcome landowners' regulatory concerns. In other cases, states proposed an outreach and education strategy that would inform landowners about their existing regulatory obligations (if any) and how to design LIP projects that did not expand those obligations.



### North Carolina: Addressing Regulatory Concerns through Safe Harbor

Safe Harbor agreements assure landowners who agree to carry out activities benefiting endangered species that no added Endangered Species Act restrictions will be imposed on them as a result. They effectively "freeze" a landowner's Endangered Species Act responsibilities for a particular species if he or she agrees to restore, enhance, or create habitat for that species.

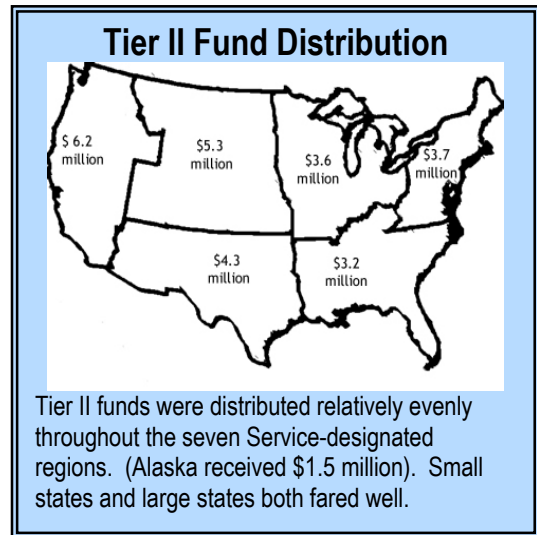
The nation's first Safe Harbor program was approved in April 1995 for the Sandhills area of North Carolina to benefit the red-cockaded woodpecker. North Carolina has since initiated a statewide Red-cockaded Woodpecker Safe Harbor Program that will allow private landowners from other parts of the state to receive the same regulatory benefits. Participants in the North Carolina Safe Harbor Program sign a management agreement to implement one or more habitat management activities that will significantly benefit the woodpecker, for example, prescribed fire, constructing artificial nest cavities, or removing hardwood mid-story. LIP will allow North Carolina to help participating landowners implement their beneficial habitat management activities. LIP will focus on habitat restoration on private lands in the coastal plain and piedmont areas of North Carolina, not the Sandhills.

By using Safe Harbor to overcome the regulatory disincentives that may inhibit landowners from taking actions likely to benefit the woodpecker, North Carolina will effectively facilitate landowner involvement in LIP.

## TIER II: IMPLEMENTING LANDOWNER INCENTIVE PROGRAMS

**Proposal Requirements:** As with Tier I, the Service was relatively flexible in allowing state agencies to structure their Tier II program as appropriate to the state. The Service required Tier II proposals to include much of the same information as Tier I: strategies for outreach, a system for fair and effective fund distribution, targeted species, and administration and accountability.

In addition, the Service asked for information on how the proposed program will: 1) be part of broader conservation planning efforts, 2) define measurable goals, 3) support projects of some urgency, 4) provide tangible benefits to affected species, 5) maximize expenditures on projects versus administration,<sup>5</sup> 6) monitor program outcomes, and 7) maximize cost-sharing. **In 2003, 22 states received \$27.9 million in funding to implement LIPs, while over \$24 million in requests went unfunded.**



### SUCCESSFUL APPROACHES:



**Pro-active planning:  
Hawaii's  
Landowner Incentive Program**

Hawaii received \$1.73 million through the LIP, the maximum amount possible. **Part of Hawaii's successful strategy was to develop and advertise a program long before the final guidance came out.**

Hawaii developed a website for landowners that described the proposed LIP, application requirements, and ranking criteria, and provided a sample application. The program was announced on the web and in press releases and attracted 30 applications and over \$2.5 million in proposal requests.

When the final Federal Register notice requested proposals from states, Hawaii had already received and evaluated landowner proposals and was able to show the Service that the Division of Forestry and Wildlife had the motivation and capacity to implement a LIP with the private land projects and program infrastructure that they had already lined up.

Tier II proposals that received funding in 2003 did a relatively good job of addressing the Service's proposal criteria. (A number of these criteria such as fiscal accountability, administrative costs, and urgency<sup>6</sup> need little further discussion here.)

States that already had a landowner assistance program directed at rare species (e.g. Texas LIP, South Carolina's statewide safe harbor agreement for red-cockaded woodpeckers, etc.) had a head start in satisfying these criteria. However, many states without landowner assistance programs – like Hawaii, Minnesota, and Pennsylvania – were simultaneously successful in getting Tier I and II funding.

Our review suggests that not only did such states successfully address established proposal criteria, but their proposals also had many of the following characteristics – not all of which were elaborated in Service guidance.

**Setting Measurable Outcomes:** Successful proposals tended to quantify the expected benefits of LIP projects to at-risk species and habitats. For example, states described the number of acres of habitat that will be restored, enhanced, or maintained; the number of stream miles with adequate fish passage; and the number of species (and number of occurrences of each species) that are expected to benefit. In addition, some states provided a timeline with benchmarks to motivate and measure their progress toward these goals. Although the Federal Register guidance was unclear on whether Tier I proposals should provide goals or a process to identify goals, most successful Tier II proposals simply identified tangible outcomes such as those described above. A list of federal, state, and Heritage program-listed species was important, but not as important as describing what benefits would actually accrue for particular species.

**Establishing Transparency in Decision-making:**

Many states proposed that the best way to establish a fair and equitable system for allocating funding was, in part, to make details of that system available, or “transparent,” to landowners. Such transparency provides more information to landowners about how a grant program will be implemented and how decisions will be made. By looking at such material, landowners can get additional information about what to include in their proposal. Transparency also provides greater confidence that the process of awarding grants will be free from political interference. Any program designed to reach out to landowners and developing trusting partnerships with them should have a strong interest in building such confidence.

Many successful proposals described ways of making LIP accessible to a broad range of landowner groups. For example, states:

- developed numeric project ranking criteria for proposal review and made them broadly available to interested landowners;
- established diverse project review panels that included external members such as scientists, citizens, and federal government representatives;

**Transparency in Working with Landowners**

A number of states recognized that a LIP will have the best chance of long-term success and will receive the warmest welcome from landowners if details of the program were made clear up front. The following describe just some of the approaches taken to make LIP open or transparent to landowners:

**Washington** will utilize citizen advisory councils to review and make recommendations on landowner proposals.

**Virginia** will make proposal evaluation criteria available to landowners online. Criteria are based on species’ needs, habitat quality at site, and other biological measures of likely project success.

**Hawaii** provided sample application to landowners on a dedicated LIP website.

**Minnesota** is using prioritization of lands for Topeka shiner habitat restoration is based on a scientific assessment, not subjective opinion.

- worked with interested landowners to provide advice and assistance with proposal development prior to submission; and
- developed and made available a sample application or application requirements.

**Focusing Program on a Realistic Scale:** The Service’s guidance does not specify that a state’s LIP must focus on only a subset of species or habitats within that state. However, given the relatively modest budget available through the program, a focused program will be more likely to



**Pennsylvania: Targeting a Species with High Recovery Potential**

Bog turtles have disappeared from more than 50% of wetlands they once occupied as farms disappear, trees overgrow wetlands, and development reduces water quality and fragments habitat. Since over 90% of bog turtle wetlands are on private lands, the **species’ recovery will depend upon private landowners**. Active wetland management – possibly through controlled grazing – is essential to prevent forest encroachment and the spread of invasive woody plants. Recovery also depends upon the protection of suitable habitat networks on agricultural land from urbanization.

The Pennsylvania Fish and Boat Commission and the Game Commission have recognized urgent wildlife habitat protection needs and are prioritizing them for protection with LIP. They hope to **dovetail LIP with other state, federal, and local conservation funding programs to achieve more than what could be done by LIP alone**. The Pennsylvania proposal also recognizes long-term management needs and proposes to set aside resources to establish permanent management funding.

achieve measurable results. This is because available staff can focus their time and expertise on a set of habitats or areas of private lands, and because working in only a few acres of each of the many habitats in a state would be unlikely to achieve much for the species on anything but a local level. Focused programs also tended to have more ambitious goals set on a shorter timeline.

Focused proposals typically 1) identified habitat type(s) and/or species that are of significant conservation concern; 2) justified the need for such a habitat/species focus by explaining conservation concerns; and 3) outlined general objectives, specific and measurable goals and tasks to benefit each habitat/species.<sup>7</sup> Some states indicated how the habitat management actions proposed would be (or could be made to be) compatible with dominant land use(s) in the area.

**Integrating LIP with Ongoing or Planned Conservation Efforts:** The Service’s guidelines asked states to describe how LIPs would contribute to broader scale conservation planning efforts. Many states discussed such plans – developed in GAP analyses, species recovery plans, GIS projects, or strategic plans – and how LIP would further their goals. By providing such background, states were able to show the Service that the actions proposed through LIP were sufficiently urgent and important to have been validated by earlier analysis and/or planning work.

Proposals targeting nationally rare species were often funded and typically referenced state and federal planning documents that placed a high priority on conservation actions for such species. However, some proposals targeting locally or regionally declining species were also funded, and these provided a thorough description of state plans or analyses. Such descriptions demonstrated that the state’s priorities were urgent and important – even if they differed from the Service’s own priorities.

**Developing a Program Niche:** As described in our discussion of the Tier I proposals, there are many other federal and state programs that can potentially benefit rare species on private land.

When successful Tier II proposals did target habitats or species already well-served by other programs, those proposals explained why LIP funds were needed for management actions that other programs were unable to provide. In such cases, the proposed LIP project provided leverage that allowed an existing program to undertake previously unfeasible management actions to benefit rare species. Alternatively, LIP funding might be used to negotiate extended or expanded contracts.

Some states proposed to administer LIP funds through existing programs with goals that did not obviously complement LIP goals. In this case, it is crucial to explain how the LIP funds will be accounted for separately and how a state would track LIP achievements.

**As a caveat, we understand that states are often frustrated when they have to deal with new federal programs that, like LIP, have an indeterminate lifespan based on political issues in Washington, DC. One potential strategy for accommodating the uncertainty of continued funding is to ramp up the capacity of an existing state program without creating a separate LIP identity. This way, if federal funding for LIP is discontinued, state program staff can simply return to their previous focus and resource expenditures. However, a problem with this strategy is that it is self-defeating. It supplies a rationale for Congress or a future Administration to cut federal LIP funding since fewer state programs clearly depend upon its continuation.**

**We encourage states to be bold in setting up distinct LIPs and developing a landowner constituency supported by such programs. Having a recognizable constituency gives greater power to the argument that federal LIP funding should continue.**

## PART III. RECOMMENDATIONS TO THE SERVICE

The Landowner Incentive Program is likely to receive continued Administration support. However, achievements made through LIP are likely to influence whether Congress and future Administrations support it. The establishment of many new state LIP programs is one initial success, but the achievement of environmental goals affecting at-risk species will likely become increasingly important in influencing appropriations. We make the following recommendations to the Service that we believe will increase the program's record of success.

### RECOMMENDATIONS:

Our recommendations are based in part on our own conclusions after reviewing state applications, in part on discussions with state agency personnel, and in part on suggestions submitted by others to the Service by on draft guidance published in the 2002 Federal Register that were not adopted. We believe that the following recommendations could be adopted by the Service with minimal revision to its guidance and would all measurably contribute to the success of the Landowner Incentive Program.

**Speeding Administrative Processes:** It is unclear why almost a year and a half passed between Congress' appropriation of LIP funding and the award of grants to states. What is clear is that the rescission of 2002 funding by Congress was unfortunate and avoidable. LIP is not fundamentally unique in purpose or structure to warrant extensive Administration review nor should public review in the Federal Register have imposed unexpected burdens on the process.

Regardless of the reasons for past delays in implementing LIP, there is a clear need to make sure that such delays do not happen again. There is a risk that the administrative processes that presumably caused 2002 delays might make the Service shy away from making improvements in the Landowner Incentive Program guidance for fear that small changes in that guidance would require extensive and time-consuming internal review. **We encourage the Service not to sacrifice potential improvements in the efficiency and effectiveness of the program to avoid this bureaucratic review, but rather to work to simplify and speed internal Administration processes so that funds go to states, landowners, and rare species in a timely manner.**

**Allowing States to Set Their Own Priorities:** Some state LIPs aim to advance habitat or species management already endorsed by the Service in federal documents, and we commend such cooperation between state and federal efforts. However, we encourage the Service to give equal consideration to state proposals targeting imperiled habitats or species not addressed by the Service's plans. The Department of Interior explicitly recognized the need for such flexibility in allowing states to set their own agendas by giving LIP authority to the Division of Federal Aid of the Service. The Service should evaluate proposals based on their adequacy with regard to the eligibility requirements – and without regard to proposal overlap with the Service's own

initiatives. We urge the Service to give states broad flexibility in choosing their own conservation priorities in so far as they are compatible with the goals of LIP.

**Increasing Transparency in Decision-making:** Many successful state Tier II programs designed transparent review processes. The Service has also created transparency through some aspects of its administration of LIP. However, we believe the Service should provide greater transparency, as it does with the Private Stewardship Grant Program, by creating a diverse panel to evaluate state LIP proposals. A panel composed of Service, state agency, and conservation and landowner organizations would likely reach similar decisions to those reached by Service-only panels, but decisions reached by truly diverse panels are far less subject to concerns about political or internal biases. It is in the Service's interest to minimize such concerns.

**Narrowing the Definition of Species-at-risk:** Comments on the 2002 draft Federal Register guidance suggested that the Service better define "at-risk" species. Our review of 2002 proposals supports this recommendation. Proposals varied widely in what is considered "at-risk" ranging from critically imperiled species to nationally common species that are simply declining in one or more areas. We agree that the Service should continue to allow states to set their own goals (see above), but the Service could establish minimum standards that would ensure national priorities are being met. For example, LIP could target species that are, at a minimum, ranked as "vulnerable to extinction or extirpation" globally or within a state according to NatureServe rankings (<http://www.natureserve.org/explorer/ranking.htm>). Further, we believe that the Service should emphasize tangible outcomes that LIP projects will produce for each species rather than a simple list of names. Although it can be difficult to quantify how a species will benefit from proposed actions, it is too easy to simply make a species list, many of which may never really benefit from LIP projects.

**Standardizing Environmental Review:** As defined in the LIP Federal Register notice, the Service must determine whether grant applications comply with the National Environmental Policy Act (NEPA), National Historic Preservation Act, and the Endangered Species Act. This is an important procedural requirement, but it seems unlikely that most state proposals would trigger concerns that require particularly extensive environmental review. For example, most (but perhaps not all) proposals should fit under categorical exclusions under NEPA for financial assistance. In any case, it has become clear to us, after talking with a number of state agencies, that environmental compliance review is being conducted differently among the Service regions and that it is substantially delaying the award of funds to some states. We encourage the Service to resolve these issues that have, in many cases, apparently delayed receipt of funding by a further four months since Secretary Norton announced the grants. At a minimum, Service regions should work together to identify the best approach to dealing with compliance issues and to apply that approach uniformly throughout the country. If only a few activities such as purchase of property or easements prevent the Service from filing a programmatic categorical exclusion from NEPA for LIP, we encourage the Service to consider narrowing the scope of the program

so such a procedural improvement would be possible. It would be unfortunate if states were unprepared to apply for additional LIP funds to help conserve rare species simply because of unnecessary delays caused by variation in how environmental review is administered by the Service's regional offices.

**Setting Goals:** The Tier I eligibility requirements call for states to describe “a *process* for the identification of clear, obtainable and quantified goals and performance measures.” We urge the Service to strengthen this requirement by calling for **an explicit statement of goals** for Tier 1. While states may not be in a position to articulate clear conservation goals at this stage, they should be in a position to articulate goals for administrative and other LIP-dedicated staff that will be hired. Setting goals for program staff is a fundamental step in program development and thus should not be ignored. We suggest that the Tier I requirements call for articulation of program staff goals, the specific tasks necessary to accomplish goals, and a feasible timeline for achieving them.

Moreover, it was clear from our review that the Service's requirement for *performance measures* was not clear to states. Many states treated the concepts of goals and performance measures as synonymous, effectively omitting any quantitative measure of the conservation benefits they expected to provide. We suggest that the Tier II requirements call for performance measures of the state's conservation goals, and define the notion of performance measures using examples.



### Minnesota: Setting Clear LIP Staff Objectives

Minnesota had one of the best proposals that described in detail the objectives of the LIP-dedicated staff, specific tasks necessary to accomplish those objectives, and a timeframe for completing each task. In particular, Minnesota planned to hire a full-time LIP coordinator, contract with two graduate students, and allocate 50% of a DNR senior botanist's time to LIP.

Minnesota's proposal, developed by a committee of biologists, ecologists and natural resource professionals with expertise working with landowner programs, defined **objectives** (e.g. conducting opportunity analyses) to be completed on a **defined timeline**. Minnesota also **identified the tasks that needed to be accomplished** to achieve those objectives. For example, the tasks of the graduate student were to analyze GIS data, develop criteria and a process for selecting landowners to participate in a pilot project, and prioritize sub-watersheds and properties that were a priority for future LIP projects.

<sup>1</sup> Analysis of unpublished data compiled for the U.S. General Accounting Office. 1994. Endangered Species Act: information on species protection on nonfederal lands. GAO/RCED-95-16. U.S. General Accounting Office, Washington, DC.

<sup>2</sup> Fiscal year(FY) 2002 Landowner Incentive Program (Non Tribal Portion) for States, Territories, and the District of Columbia; Final Policy with Implementation Guidelines, and Request for Proposals. Federal Register Vol. 67, No. 190 pp. 61640 – 61648. October 1, 2002.

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<sup>3</sup> Testimony of Gale A. Norton, Secretary of the Interior, before the Senate Committee on Energy and Natural Resources. May 8, 2001.

<sup>4</sup> Direct incentive payments-typically rental payments or signup payments- were funded in proposals, even at such high costs at \$1500/acre to \$2250/acre/contract. Most proposals with such direct landowner payments simply provided a one-time signup payment, typically less than \$20/acre.

<sup>5</sup> Surprisingly, some funded proposals allocated 20 percent of Tier II funds toward administration and overhead while some unsuccessful proposals had far lower administrative costs. This criteria apparently did not “make or break” a proposal.

<sup>6</sup> Urgency was rarely addressed in any proposal despite it being listed as a ranking criteria in the 2002 Federal Register notice. If the Service truly would prefer LIP to fund urgent projects, it should consider separating urgency from “short-term and long-term benefits anticipated to be gained” and also give urgency greater weight when proposals are ranked.

<sup>7</sup> Proposals that focused on game species or agricultural practices with only incidental rare species benefits generally were not funded.