

ISU EXTENSION STUDY SHOWS LOW-INTEREST LOANS IMPROVE ON-FARM CONSERVATION

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DES MOINES – When a state program rolled out low-interest loans for farmers and livestock producers in 2005, no one knew whether they would be willing to borrow for conservation improvements. The conventional wisdom was that they needed grants or cost-share.

On July 8, the public is invited to find out how farmers are using those loans to address water quality concerns.

Since the program began, farmers have borrowed more than \$34 million to prevent sediment, chemicals and nutrients from polluting Iowa's streams and rivers. However, use of the loans has varied around the state and program managers wanted to know why.

“We asked Iowa State University to study producers who took loans, versus those that didn't,” said Bill Ehm, DNR coordinator for water quality. “We wanted to know the potential impacts of the loan program on Iowa's land and waters.”

ISU Extension Sociologist J. Gordon Arbuckle, Jr., will present highlights of the study in Des Moines. The program will be held from 2:30 to 4 p.m. in the auditorium of the Iowa Historical Building, 600 East Locust St.

Ehm asked researchers to identify why some Iowa producers were not taking advantage of the program, which caps interest rates at three percent. Initial findings indicate that not all parts of the state were equally aware of the program. However, in areas where staff understood and actively promoted the program, usage tended to be higher.

“The study has shown that farmers are willing to finance conservation when low-interest loans are available,” said Ehm. “We gained information that indicates borrowing can be a useful tool for producers who want to improve their management practices.”

Other findings show that people who used the loan program were very satisfied. In general, they tended to spend more on conservation than the farmers who funded their conservation practices through cost-share programs.

“The results are striking,” said Arbuckle. “On average, loan recipients spent 25 percent more on conservation practices and implemented a greater variety of practices than folks who relied primarily on cost-share. The loans appear to help them make significantly larger investments in conservation over shorter periods of time.”

The loans are available through the State Revolving fund, an Iowa program aimed at improving water quality. Loans are offered to farmers and livestock producers through a partnership between the DNR, the Iowa Finance Authority, the Iowa Department of Agriculture and Land Stewardship, and Soil and Water Conservation Districts.

For more information about the loans, see www.iowasrf.com. For a copy of the report, see <http://www.soc.iastate.edu/staff/arbuckle.html>.

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