



CONSERVATION RESERVE PROGRAM AND CONSERVATION RESERVE ENHANCEMENT PROGRAM

Background

The Conservation Reserve Program (CRP) and the Conservation Reserve Enhancement Program (CREP) are voluntary programs for agricultural landowners or operators that provide annual rental payments and cost-share assistance. The 1985 farm bill authorized CRP, including CREP. The purpose of CRP and CREP is to help agricultural producers safeguard environmentally sensitive lands by planting long-term, resource-conserving covers that would control soil erosion, improve water and air quality, and enhance wildlife habitat.

USDA's Commodity Credit Corporation (CCC) makes annual rental payments based on the agricultural rental value of the land. It provides cost-share assistance at up to 50 percent of the participant's costs in establishing approved conservation practices. Participants enroll in CRP and CREP contracts for 10 to 15 years. CCC administers the program through the Farm Service Agency (FSA), which receives technical support from the Natural Resources Conservation Service (NRCS); private sector or other non-Federal advisors; the Cooperative State Research, Education and Extension Service; and State forestry agencies; as well as local soil and water conservation districts.

Conservation Reserve Program (CRP)

To be eligible to enroll in CRP, land must be either: (1) cropland that is planted or considered planted to an agricultural commodity 4 of the previous 6 crop years; or (2) certain marginal pastureland that was converted to wetland or established as wildlife habitat, or is suitable for similar water quality purposes such as a riparian buffer. In addition to the eligible land requirements, cropland must meet one of the following criteria: (a) have a weighted average erosion index of eight or higher; (b) be expiring CRP acreage; (c) be located in a national or State CRP conservation priority area; or (d) meet a number of other technical criteria designed to accomplish program goals.

Generally, offers for CRP contracts are ranked according to the Environmental Benefits Index (EBI). FSA uses the following EBI factors to assess the environmental benefits for the land offered: wildlife habitat benefits resulting from covers on contract acreage; water quality benefits from reduced erosion, runoff, and leaching; on-farm benefits from reduced erosion; benefits that will likely endure beyond the contract period; air quality benefits from reduced wind erosion; and cost effectiveness.

In the 20 years the program has been in existence, it has reduced soil erosion by an estimated 450 million tons per year, thereby increasing air quality due to less airborne contamination. CRP has reduced sediment and nutrient runoff into rivers and streams. The U.S. Fish and Wildlife Service estimates that CRP is increasing duck populations by more than 2 million per year. CRP is estimated to have increased ring-necked pheasant populations in Minnesota, North Dakota, South Dakota, and Ohio by 200 percent. The program is credited with the reappearance of the long-absent prairie chickens in Texas. CRP is helping the Columbian sharp-tailed grouse recover while Western State populations of big game elk, mule deer, white-tailed deer, and pronghorn antelope are increasing.

Over 28 million acres of CRP land will expire between September 30, 2007, and September 30, 2010. USDA announced that the top 20 percent of the contracts (based on Environmental Benefit Index score) would be re-enrolled, and the remaining 80 percent would be extended for either a 5-, 4-, 3-, or 2-year period. Up to 5.6 million acres will be eligible for re-enrollment, and 22.4 million acres will be extended beyond September 30, 2009.

The 2002 farm bill authorizes 39.2 million CRP acres through 2007. As of December 2005, a total of 720,380 CRP contracts covered about 35.9 million acres, averaging about 50 acres per contract. Annual rental payments amounted to about \$1.7 billion, or \$48.62 per acre.

Conservation Reserve Enhancement Program (CREP)

CREP is a voluntary land retirement program that allows applicants to receive incentive payments for installing specific conservation practices. The program is a partnership among producers; tribal, State, and Federal governments; and, in some cases, private groups. USDA uses CRP funding to pay a part of the program's cost, while State, tribal governments, or other non-Federal sources provide the balance of the funds.

CREP differs from CRP in four important ways. First, CREP is targeted to specific geographic areas and is designed to focus conservation practices on addressing specific environmental concerns of a high priority. Second, CREP is a joint undertaking among States, the Federal Government, and other stakeholders who have an interest in addressing particular environmental issues. Third, it requires States to establish measurable objectives and conduct annual monitoring to measure progress toward implementation of those objectives. Fourth, it is flexible, within existing legal constraints, and can be adapted to meet local conditions on the ground.

A specific CREP project begins when a State, Indian tribe, local government, or local private entity identifies an agriculture-related environmental issue of State or national significance. These parties and USDA then develop a project proposal to address particular environmental issues and goals in a specific geographic area. Like CRP, CREP contracts require a 10- to 15-year commitment to keep lands out of agricultural production. CREP provides payments to participants who offer eligible land. A Federal annual rental rate is offered. Federal cost-share assistance of up to 50 percent of the eligible expenses to install practices is available.

Since its inception in 1997, continuous CREP enrollment has exceeded 760,000 acres from 34 agreements reached in 27 participating States. As of January 1, 2006, some 45,000 contracts on

30,000 farms have been enrolled in CREP. States have committed more than \$1.02 billion in State matching funds toward enrollment goals of more than 2.86 million acres. Target acres must benefit rivers, streams, and water bodies that support the statutory intent of the Conservation Reserve Program by addressing water quality, soil sedimentation, and wildlife issues.

General Opinions Expressed

- Respondents generally agree that CRP and CREP should continue and be fully funded or expanded.
- Some suggested that CRP should be reduced to make available more farmland for farmers.
- Comments suggest that CRP is good for hunters.
- Many agree that CRP should focus on environmentally sensitive land and best practices for long-term conservation.
- Several stressed that CRP has social and economic benefits.
- A few recommend that haying/grazing on CRP land should continue during drought.
- Several commenters suggested that CRP payment rates should be adjusted for inflation.
- Overwhelming support was registered for CRP contract re-enrollment and extensions.
- Several commenters suggested that the CRP should target land with the highest soil erosion potential.
- Some commenters suggested promoting a better understanding of environmental challenges that face the agriculture industry.
- Several commenters suggest that conservation easement programs like CRP work to benefit rural economies.
- Some commenters suggested increasing the 25 percent county CRP cap.
- Opinions were expressed that CRP should enroll only cropland used for the production of agricultural crops, and not pastureland.
- Some commenters suggested that land prices and lease prices have been artificially increased by high CRP payments.
- A few commenters suggested that CRP hinders economic growth.
- Some commenters suggested that CRP should be changed so farmers can get out of their contracts a year earlier without penalty.
- Some commenters commended CRP for cleaning up rivers, streams, and ponds.
- Some commenters emphasized the importance of stressing endangered species and wildlife habitat in CRP.
- Some commenters supported continuing initiatives for farmers who support CRP practices.

Detailed Suggestions Expressed

- Make the CRP signup simpler with less guesswork.
- Remove the cap on acres allowed to be enrolled in CREP.
- Eliminate whole-farm CRP enrollment and match CRP rental rates to local cash rental rates.
- Support approval of the Hawaii CREP.
- Allow haying every 5 years on CRP land instead of every 3 years.

- CRP carbon sequestration goals need to be better defined or be made more compatible with wildlife and other natural resource needs.
- Crop acreage base history of CRP should not be removed when enrolled. Reinstatement base history back to what was there in 1996.
- Provide incentives to stimulate new markets for biomass, including use of CRP land for biomass without reduction in payments and tax credits for co-firing biomass with coal to produce electricity.
- Raise the statutory cap to allow up to 45 million acres in CRP.
- CRP needs to be less restrictive on how acreage can be re-entered into the program.
- Allow marginal lands to be enrolled into programs to prevent erosion and filter pollutants from watersheds.
- Offer farmers voluntary incentives for CRP.
- Eliminate the Conservation Reserve Program. The program places the Government in competition with farmers and increases rental costs for farmers.
- Maintenance requirements of CRP should be tweaked in order to weed out those farmers who seem to always have an emergency to hay or graze those acres.