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May 29, 2003

The Honorable Thad Cochran
Chairman
The Honorable Tom Harkin
Ranking Minority Member
Committee on Agriculture, Nutrition, and Forestry
United States Senate

The Honorable Bob Goodlatte
Chairman
The Honorable Charles W. Stenholm
Ranking Minority Member
Committee on Agriculture
House of Representatives

Subject: *Department of Agriculture, Commodity Credit Corporation: 2002 Farm Bill--
Conservation Reserve Program--Long-Term Policy*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Department of Agriculture, Commodity Credit Corporation (CCC), entitled "2002 Farm Bill--Conservation Reserve Program--Long-Term Policy" (RIN: 0560-AG74). We received the rule on May 15, 2003. It was published in the Federal Register as an interim rule on May 8, 2003. 68 Fed. Reg. 24830.

The interim rule amends the Conservation Reserve Program (CPR) regulations to set forth the terms and conditions of enrolling acreage in the CPR, update program eligibility requirements, eliminate unnecessary regulations, and improve the remaining regulations. The rule implements changes made to the CPR by the Farm Security and Rural Investment Act of 2002 (2002 Act).

Enclosed is our assessment of the CCC's compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. Our review indicates that the CCC complied with the applicable requirements.

If you have any questions about this report, please contact James W. Vickers, Assistant General Counsel, at (202) 512-8210. The official responsible for GAO evaluation work relating to the subject matter of the rule is Robert Robinson,

Managing Director, Natural Resources and Environment. Mr. Robinson can be reached at (202) 512-3841.

signed

Kathleen E. Wannisky
Managing Associate General Counsel

Enclosure

cc: Thomas J. Witzig
Director, Regulatory Review Group
Department of Agriculture

ANALYSIS UNDER 5 U.S.C. § 801(a)(1)(B)(i)-(iv) OF A MAJOR RULE
ISSUED BY THE
DEPARTMENT OF AGRICULTURE,
COMMODITY CREDIT CORPORATION
ENTITLED
"2002 FARM BILL--CONSERVATION RESERVE PROGRAM--
LONG-TERM POLICY"
(RIN: 0560-AG74)

(i) Cost-benefit analysis

The CCC performed a cost-benefit analysis of the interim rule. Total CRP outlays are estimated to increase \$1.5 billion, while commodity program outlays are estimated to decline about \$1.7 billion during FY 2003 through 2012, primarily due to a \$1.5 billion counter-cyclical payment decline. The additional 2.8 million-acre enrollment is estimated to decrease combined CRP and commodity program outlays by \$208 million annually during the 10-year period.

Total estimated impacts for the additional CRP enrollment, including \$326 million annual economic losses due to higher crop prices and reduced crop supplies (buyers' loss) and estimated average annual economic benefits (increased farm incomes and environmental benefits), results in estimated net economic benefits of \$131 million per year.

(ii) Agency actions relevant to the Regulatory Flexibility Act, 5 U.S.C. §§ 603-605, 607, and 609

As the interim rule was not preceded by a notice of proposed rulemaking, the requirements of the Regulatory Flexibility Act do not apply.

(iii) Agency actions relevant to sections 202-205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532-1535

The interim rule does not contain either an intergovernmental or private sector mandate, as defined in title II, of more than \$100 million in any one year.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 et seq.

Section 2702 of the 2002 Act states that the rule may be issued without regard to the requirement for notice and comment.

Paperwork Reduction Act, 44 U.S.C. §§ 3501-3520

Section 2702 of the 2002 Act states that the rule may be promulgated without regard to the requirements of the Paperwork Reduction Act.

Statutory authorization for the rule

The interim rule was promulgated under the authority contained in the Farm Security and Rural Investment Act of 2002 (Pub. L. 107-171) and 15 U.S.C. 714b and 714c and 16 U.S.C. 3801-3847.

Executive Order No. 12866

The interim rule was reviewed by the Office of Management and Budget and found to be an “economically significant” regulatory action under the order.