

# The Conservation Reserve Program (CRP) A Critical Policy Issue for the 2007 Farm Bill

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## Introduction

The Conservation Reserve Program (CRP) was first introduced in the Food Security Act of 1985. A voluntary, long-term cropland retirement program, CRP was targeted at environmentally sensitive cropland, particularly land that was deemed highly erodible. CRP is the highest profile, flagship conservation program administered by USDA. The program has retired over 34 million acres nationwide, during the life of the program.

CRP garners support from the agriculture community, environmental activist groups and the conservation community. Through its reauthorization, it gained political support in 1990, 1996 and 2002 in farm bill legislation passed those years. There is every expectation nationally, that CRP will be reauthorized in the 2007 farm bill, but the types of contracts, re-enrollment, length of contracts, whole field enrollment, county acreage caps, continuous CRP enrollment and environmental benefit index are all likely discussion points that will be debated during the next 2 years.

## Kansas CRP

There are hundreds of statistics about CRP that can be printed here, but a few of the most interesting ones are:

- ❖ Kansas has the 4<sup>th</sup> highest number of active acres enrolled in CRP in the country
- ❖ 2.9 million active CRP acres in Kansas
- ❖ 1.6 million of those acres expire by September 2007
- ❖ The county with the highest number of currently enrolled acres is Hamilton, 135,249 acres, the county with the second highest enrollment is Stanton, with 102,316 (see attached map)
- ❖ Average rental rate statewide \$38.30
- ❖ 803,000 acres have been planted back to native grasses, 17,700 acres have been planted to introduced grasses, 1.7 million acres have been put to existing grasses, 26,800 acres of filter strips have been planted, and 4500 acres of wetlands have been restored under CRP in Kansas.

## CRP Nationally

Some of the national figures are also intriguing when considering the success and fate of CRP in the 2007 Farm Bill.

- ❖ More than 34 more million acres enrolled nationally in all 50 states
- ❖ CRP participants retired from active farming 53%
- ❖ CRP participants remaining active in farming 43%
- ❖ 21% of all CRP contracts occur in the northern plains region, which includes Kansas, Nebraska, North and South Dakota

## The Impact of CRP

CRP has been used in Kansas as an income enhancement tool, land retirement option, wildlife habitat enhancement mechanism, and a farmer retirement income. CRP has been very successful in Kansas in many people's eyes. Hundreds of thousands of acres that are highly erodible have been put back to cover, reducing soil erosion and protecting water quality, and providing wildlife habitat. However, others believe CRP has had a detrimental impact on rural economies and local businesses. There have also been concerns raised that CRP has made farmland lease and purchase prices go up because of the scarcity of available farmland.

A study conducted by USDA, *The Conservation Reserve Program, Economic Implications for Rural America*, suggests that CRP did not have impacts on local economies, but did impact local agribusinesses.

*"... no discernable impact by the CRP on aggregate county population trends. Aggregate employment growth may have slowed in some high-CRP counties, but only temporarily. High levels of CRP enrollment appear to have affected farm-related businesses over the long run, but growth in the number of other nonfarm businesses moderated CRP's impact on total employment."*

Undoubtedly, producer's points of view concerning CRP vary depending on the stage of life, proximity to retirement, number of heirs for the farming operation, opinions about and income from wildlife, and the level of commitment to conservation. In general, CRP in Kansas has been financially successful for producers and provided tremendous environmental benefits.

## 2007 Farm Bill

The reauthorization of the Farm Bill in 2007, or sooner, will likely contain provisions for some new acreage to enroll in CRP and the options for reenrollment of existing acreage. USDA-FSA will have a heavy administrative burden relating to CRP, as 28 million acres expire between 2007 and 2010. The expectation for the 2007 Farm Bill is for a "greener" program. It is likely more money than ever will be available through conservation payments as opposed to commodity payments. It is possible that traditional commodity payments may even be tied to conservation programs.

As the premier conservation program, CRP will attract a lot of attention. The policy debate about how to continue CRP will likely be dominated by two positions: automatic reenrollment of existing acres, plus an increase in the nationwide acreage cap; and reducing the number of acres enrolled to free up productive farm ground. The likely outcome of the debate will probably fall somewhere in the middle.

Conservation-minded groups and associations will highlight the benefits CRP has brought to the landscape, water resources and wildlife. Producer groups who hold concerns about

CRP may illustrate the lack of available new acres for farming, the impact on rental rates and purchase prices, the potential impacts to rural communities and the need to reassess currently enrolled acres versus newly bid acres. Ultimately, as a producer driven program, CRP should be shaped by the opinions and needs of producers. However, CRP is funded through all taxpayer dollars; therefore all opinions will be considered.

If agriculture producers desire to have an impact on the debate, they must be willing to state their desires and understand the key points that will be debated. For discussion purposes, the questions below must be considered and ultimately answered prior to the inception of debate.

### **Key Policy Questions**

- Should automatic re-enrollments be made available to currently enrolled acres? Automatic re-enrollments may prevent newly bid acres and more sensitive land from entering into the program. Having existing acres re-bid and compete may require habitat enhancements in order to remain in the program.
- Should county acreage caps remain at 25%? Should the cap be increased or decreased? Only a few counties in Kansas have reached the cap, but some counties have already exceeded the cap.
- Should acres enrolled in the continuous CRP program be counted against county acreage caps? Continuous CRP acres are generally small, buffers, grass strips, borders, and less than 1% of all acres in Kansas. In counties where the cap has been reached, continuous CRP enrollment is not allowed on these small areas because of the 25% cap.
- Should CRP acres focus more/less on wildlife habitat needs? Policy changes in the program since sign-up 26 have required a greater emphasis on wildlife habitat and management for wildlife.
- Should the rules applicable to mid-contract managed haying/grazing be changed? Currently, some form of management (burning, haying, grazing, light disking, brush management, or interseeding) is required once during the life of the contract.
- Should the EBI (Environmental Benefits Index) be weighted the same, more or less in new or reenrollment bids?
- Should incidental grazing of land enrolled in continuous CRP be allowed (buffers, field borders, grassed terraces)? CRP acres enrolled for small areas adjacent to crop fields can not be grazed when allowing livestock to graze on residue.
- Should the State's Conservation Priority areas remain the same size, be enlarged or be reduced? Kansas has been the most successful state at enrolling CRP acres in the past two signups. One reason is that State Conservation Priority Areas covered 1/3 of the states cropland acres. These acres were eligible for enrollment simply by being in a CPA although they still have to compete via EBI for acceptance. This may have resulted in non-highly erodible land being enrolled.

- Should individual farmer/rancher acreage caps be considered? As a potential solution to making more land available for farming and ensuring the most sensitive land is enrolled, a maximum amount of acreage per individual could be established.
- How should rental rates be established and how frequently should that value be evaluated? NRCS is currently looking at establishing new rental rates based on soil types in each county.

## Active CRP Acres

43,472 CN	6,101 RA	7,844 DC	30,240 NT	18,826 PL	15,743 SM	22,352 JW	13,240 RP	28,171 WS	24,071 MS	29,478 NM	10,691 BR	10,801 DP
46,418 SH	21,878 TH	10,177 SD	48,051 GH	29,035 RO	13,989 OB	16,728 MC	14,652 CD	23,046 CY	14,014 PT	20,843 JA	11,780 AT	5,899 AT
64,139 WA	24,472 LG	34,292 GO	24,692 TR	21,258 EL	45,091 RS	18,166 LC	15,256 OT	15,256 OT	4,461 RL	12,739 WB	6,519 SN	6,882 LV
80,392 GL	46,299 WH	19,358 SC	45,178 LE	66,600 NS	36,001 RH	20,632 BT	31,837 EW	19,461 SA	3,743 GE	5,053 MR	6,506 DG	1,590 JO
135,249 HM	65,537 KE	74,597 FI	74,542 HG	32,301 PN	43,351 SF	14,196 RC	10,209 MP	16,110 MN	1,442 CS	13,898 LY	15,705 OS	5,236 FR
102,316 ST	40,984 GT	28,633 HS	56,162 GY	70,948 FO	34,736 ED	87,343 RN	4,269 HV	4,597 SG	1,895 BU	3,937 GW	5,403 AN	6,598 MI
95,908 MT	62,545 SV	52,827 SW	63,560 ME	52,509 CA	43,181 CM	49,435 PR	32,990 KM	4,597 SG	1,895 BU	15,070 CF	5,403 AN	20,817 LN
										4,582 WO	9,295 AL	17,759 BB
										4,929 WL	9,157 NO	6,567 CR
										5,400 EK	2,376 MG	1,535 CK
										4,509 CQ	5,841 LB	
										7,325 SU		
										5,773 CL		