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During an Earth Day celebration in rural Maryland on April 22, Secretary of Agriculture Ann Veneman announced several conservation programs to be implemented in the coming weeks. Of note, the Secretary announced the next general sign-up for the Conservation Reserve Program (CRP) and the release of funding for other conservation programs.

### Conservation Reserve Program

CRP Sign-up 26 will run from May 5 to May 30, 2003 in local Farm Service Agency (FSA) offices. While the Continuous CRP has been accepting partial field enrollments for certain high-priority lands and practices over the past several years, this general enrollment is the first opportunity since early 2000 for whole fields to be competitively bid into the program.

In the 2002 Farm Bill, the CRP was expanded from a 36.4 million acre limit on enrollment to a 39.2 million acre limit. As of February, 2003, approximately 34 million acres were enrolled in the CRP, earning more than \$1.6 billion in rental payments per year from USDA.

Based on previous enrollment data, about 1.5 million acres currently enrolled in the CRP will expire on September 30, leaving up to 6.7 million acres of room for USDA to accept new and re-offered enrollments. However, USDA reserves approximately 2 million acres for Continuous CRP enrollment, which leaves about 4.7 million acres available for enrollment. While there may be substantial pent-up interest in the current enrollment, it is uncertain how much land will be offered for enrollment or how much land USDA will accept in the upcoming sign-up period. Past sign-up experience suggests that not all bids will

be accepted for enrollment nor will USDA attempt to fill all of the available acreage limit during this single sign-up period. Some of the specific program details relating to CRP sign-up 26 follow below:

Eligible Producers. To be eligible for CRP enrollment, a producer must have owned or operated the land for at least 12 months prior to the close of the CRP sign-up period, unless ownership changed hands due to death, foreclosure, or other particular circumstances.

Eligible Land. Cropland is eligible for the CRP if it was planted or considered planted to an agricultural commodity in any 4 of the 6 crop years from 1996 through 2001 and is physically and legally capable of being planted. Certain marginal pastureland that is enrolled in the Water Bank Program is also eligible for the CRP.

To be eligible, cropland must also have a weighted average erosion index of 8 or higher; be expiring CRP acreage; or be located in a national or state CRP conservation priority area.

Available Assistance. CRP participants are eligible for rental payments on the enrolled land. Maximum rental payments are based on the relative productivity of the soils in a county and the average dryland cash rental rates in the county. CRP rental payments may also include up to \$5 per acre per year as an incentive for certain maintenance obligations. CRP participants are also eligible for cost-share assistance for the establishment of approved cover on enrolled acres. While the cost-share assistance from USDA cannot exceed 50 percent, it is possible that other state or private groups may provide additional assistance.

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**Bid Ranking.** In the competitive general CRP sign-up, offers are ranked according to an Environmental Benefits Index (EBI). The EBI assesses each CRP bid for several factors:

- ! Wildlife
  - " Wildlife habitat cover
  - " Wildlife enhancement
  - " Wildlife priority area
- ! Water Quality Benefits from Reduced Erosion, Runoff, and Leaching
  - " Location
  - " Groundwater quality
  - " Surface water quality
- ! Erosion
- ! Enduring Benefits
- ! Air Quality
  - " Wind erosion impacts
  - " Wind erosion soils list
  - " Air quality zones
  - " Carbon sequestration
- ! Cost
  - " Cost
  - " Cost-share
  - " Offer less than maximum payment rate

At the end of the sign-up period, FSA will analyze and rank all eligible offers and establish an EBI threshold for acceptance. Thus, the EBI ranking of a particular piece of ground in large part determines the likelihood that it will be accepted in the general CRP sign-up.

Two fact sheets from USDA-FSA describe the specifics in greater depth. The first fact sheet is titled "Conservation Reserve Program Sign-up 26: May 5 - May 30, 2003" while the second fact sheet is titled "Conservation Reserve Program Sign-up 26: Environmental Benefits Index". Both fact sheets are available on the FSA website for the CRP:

<http://www.fsa.usda.gov/dafp/cepd/crp.htm>

In addition, this *Policy Minute* issue and links to the two FSA fact sheets and other CRP fact sheets are also available on the K-State Department of Agricultural Economics website AgManager at [agmanager.info](http://agmanager.info) in the policy section.

### **Other Existing Conservation Programs**

The other announcement from Secretary Veneman concerned the release of funds for

other conservation programs on working lands, including the Environmental Quality Incentives Program (EQIP), the Wetlands Reserve Program (WRP), and various other programs administered through the Natural Resources Conservation Service.

These programs provide support to producers for conservation practices in the form of rental or easement payments, incentive payments, cost-share assistance, and/or technical assistance from NRCS or third-party technical service providers. In total, more than \$1.8 billion in funding was released by USDA for the programs for 2003. In Kansas, the funding breakdown included \$32 million for technical assistance and \$20 million for financial assistance.

This funding has been the subject of some concern for several months. The 2002 Farm Bill authorized substantial increases in funding for most conservation programs. For example, the funding for EQIP was increased from \$200 million per year under the previous Farm Bill to \$400 million for 2002, \$700 million in 2003, and up to \$1.3 billion by 2007. However, the federal appropriations bill for fiscal year 2003 was delayed several months. Although the 2003 fiscal year began on October 1, 2002, the FY2003 appropriations bill for agriculture and most other federal agencies was not passed until mid-February, 2003. In the meantime, the government operated under a continuing resolution extending the previous year's funding authorizations, but limiting access to the new funds for conservation. Whether all of the appropriated funds for FY2003 can now be spent in the remaining five-plus months of the fiscal year remains to be seen.

### **New Conservation Programs**

Considering the above discussion, it is also worth remembering that there are two new conservation programs of note, the Conservation Security Program and the Grassland Reserve Program. Exact details on both programs are limited, as program regulations are currently in development at USDA. Although they were authorized beginning in FY2003, the likelihood is small that they can be implemented yet this fiscal year. More likely, we will begin to see program details later this summer and start implementation in FY2004, which begins October 1, 2003.