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June 17, 2003

USDA announced in a press release today that the Grassland Reserve Program (GRP) is ready for implementation and will begin its first sign-up on June 30, 2003. The sign-up will run continuously until the end of the current fiscal year on September 30 at local USDA Service Centers. The program will be jointly implemented by the Farm Service Agency (FSA) and the Natural Resources Conservation Service (NRCS) working in cooperation with the Forest Service. Final regulations for the GRP were published in the Federal Register on June 13 and provide the detail of how the program will be implemented.

There are some changes in the final regulations for the GRP relative to what was being discussed at USDA just one month ago. Following are some highlights of the final program regulations. More details will be available in program fact sheets to be developed by USDA. While the fact sheets from May, 2003 are now out of date, as the new fact sheets are published, they will be available through a link from the Conservation section of the Policy section of AgManager at agmanager.info.

Nationwide Eligibility

In earlier announcements regarding the GRP, USDA planned to limit enrollment eligibility to certain targeted areas of the country, including the lesser-prairie chicken habitat in southwestern Kansas. In total, the targeted areas for the first GRP sign-up would have been limited parts of just 11 states in the western United States. However, in the final regulations, the targeted areas have disappeared and the program will now be implemented nationwide.

It seems likely that some of the same factors

considered by USDA in first proposing the limited enrollment areas will continue to be high-priority factors that are used to evaluate applications under the nationwide enrollment. The original language of the Farm Bill calls on USDA to emphasize three considerations:

- Grazing operations
- Plant and animal biodiversity
- Grassland, land that contains forbs (plants other than grasses), and shrubland under the greatest threat of conversion to cropland or to non-agricultural uses.

The definition of eligible land is also included in the final regulations. It is defined as land of not less than 40 contiguous acres that is:

- Land that includes grasslands
- Land that contains forbs
- Shrubland, including improved rangeland and pastureland
- Land that has been historically dominated by grassland, forbs, or shrubland when these lands have the potential to be enhance plant and animal biodiversity
- Land that is incidental to other eligible land and is determined to be necessary for the efficient administration of the agreement

Enrollment

There are several options for enrollment in the GRP, including easements, rental agreements, or restoration agreements. Landowners may submit applications for permanent or 30-year easements. Landowners or others who can demonstrate they have control of the land for the duration of the proposed agreement can submit applications for rental agreements of 10, 15, 20, or 30 years.

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Unlike other conservation programs such as the CRP, enrollment in the GRP does not require the landowner to stop using the land for agricultural production, only that the landowner follow a conservation plan to preserve the integrity of the grassland enrolled in the program. In fact, the GRP allows common grazing practices that are consistent with maintaining the viability of grassland, forb, and shrub species common to the local area. Haying, mowing, and harvesting of seed is also allowed, subject to restrictions during the nesting season of certain critical bird species as determined by NRCS or designated officials. Finally, fire rehabilitation and the construction of fire breaks or fences are also allowed.

Selection criteria will be used to rank applications and determine those accepted for enrollment. National criteria include:

- the threat of conversion from grass to cropland
- the threat of conversion from grass to non-agriculture use
- location significance
- whether the land is part of an existing grazing operation
- whether the site serves as habitat that promotes and enhances plant and animal biodiversity

State criteria may also be included that emphasize grasslands of state significance or locations of critical need based on the threat of conversion or the biodiversity of plant or wildlife populations.

Payments and Funding

The Commodity Credit Corporation (CCC) is authorized to make payments for land enrolled in the GRP dependent on the type of enrollment. For permanent easements, payment from the CCC will be equal to the fair market value of the land less the grazing value of the land. For 30-year easements, payment will be equal to 30 percent of the fair market value of the land less the grazing value of the land. For easements, the government will also pay for all of the administrative costs associated with recording the easement. In addition, the landowner can receive the payment in one lump sum or in

annual installments for up to 10 years.

For rental agreements, annual rental payments cannot exceed more than 75 percent of the grazing value of the land as determined by local prevailing rental rates.

Restoration agreements can also be part of either an easement or rental agreement. Under a restoration agreement, the government will provide up to 90 percent cost-share for restoration costs on lands that have never been cultivated. For restored grasslands (acres that have been restored from cropland, non-native grasses, or some other vegetative cover), the government will provide up to 75 percent cost-share. Participants may contribute toward their share of restoration costs through in-kind contributions like labor, use of equipment, or other contributions, including those that may be provided by a public or private third party (such as a conservation or wildlife group).

Individual landowners or participants in the GRP do not face payment limits on the amount of GRP payments they can receive per year. However, they do face the adjusted gross income limit as implemented in the 2002 Farm Bill. Participants who have an average adjusted gross income of more than \$2.5 million are ineligible to receive program benefits or payments unless at least 75 percent of the adjusted gross income is derived from agricultural activities.

As for overall funding, the GRP is authorized by statute for enrollment of up to 2 million acres, using up to \$254 million in CCC funds for fiscal years 2003 through 2007. In the press release, USDA announced the availability of \$49,492,000 in funding for fiscal year 2003. Of this amount, USDA may send 50 percent of the funds to USDA state offices in proportion to the number of grazing operations, the number of acres of pasture and rangeland under the threat of conversion, and biodiversity considerations. The regulations indicate the remaining funds may be held in a national reserve to be distributed based on program goals and demand observed in the initial sign-up. Once all funding has been committed, any unfunded applications will remain on file until additional funding becomes available or until the applicant chooses to remove the application from consideration.