

Testimony of Misty Jones
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United States Department of Agriculture
before the
Agriculture, Nutrition, and Forestry Committee
of the
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Mr. Chairman, Ranking Member, and Members of the Committee, I appreciate this opportunity to offer testimony this morning on the USDA Farm Service Agency's (FSA's) conservation programs authorized by the Agricultural Act of 2014 (2014 Farm Bill).

CRP and the 24 Million-Acre Cap

The Conservation Reserve Program (CRP) first appeared in the 1985 Farm Bill and is one of USDA's largest conservation programs. CRP allows USDA to contract with landowners so that environmentally sensitive land can be devoted to conservation benefits. Participants establish long-term, resource-conserving cover and, in return, FSA provides participants with annual rental and other assistance. Contract duration is between 10 and 15 years. CRP improves water quality, reduces soil erosion, and restores habitat for pollinators, ducks, pheasants, turkey, quail, deer and other wildlife. In doing so, CRP spurs hunting, fishing, recreation, tourism, and other economic activity across rural America.

FSA administers CRP while technical support functions are provided by the USDA's Natural Resources Conservation Service (NRCS), state forestry agencies, local soil and water conservation districts, and other non-federal providers of technical assistance.

Currently, 23.5 million acres are enrolled in CRP contracts, including 16 million acres under General sign-up enrollment authority, 7.3 million acres under Continuous sign-up enrollment authority, and 90,000 acres under the Grasslands sign-up enrollment authority (see figure 1) with 800,000 more to come online in FY 2018. This is 13.4 million acres below peak enrollment in 2007 and just short of the 24 million-acre cap established in the 2014 Farm Bill. CRP contracts on 2.5 million acres (combined general and continuous) are set to expire on September 30, 2017.

CRP General sign-up is a competitive process conducted on a periodic basis; these sign-ups do not occur according to a fixed schedule. The last general sign-up occurred in the spring of 2016.

CRP Continuous sign-up occurs on a continuous basis throughout the year and does not involve a discrete sign-up period. The 7.3 million acres in enrollment in Continuous sign-up is the result of large demand and strong incentives over the past 8 years and a relatively small acceptance rate during the last General sign-up.

CRP Grasslands sign-up, newly created by the 2014 Farm Bill, is a continuous working lands program that particularly benefits livestock producers. FSA has held three Grasslands ranking periods and 800,000 acres have been approved for enrollment for FY 2018 contracts. Similar to General sign-up, enrolled lands are likely to be larger parcels than associated with Continuous CRP sign-up. The statutory enrollment cap is 2 million acres, which counts against the 24 million-acre overall CRP cap.

Largely due to lower commodity prices and the CRP cap, landowner demand and competition for program entry has been strong and increasing, having a particularly large impact on General sign-up acceptance rates (see figure 2). The FY 2016 General sign-up accepted only 400,000 acres. With 1.9 million acres offered, the overall acceptance rate was 22 percent. Landowners compete against one another for General enrollment entry based on relative “environmental benefits index” (EBI) scores, and those with lower scores were unlikely to be accepted given the acreage cap. In South Dakota, for example, where the average EBI score was 215, the acceptance rate was less than 1 percent. In contrast, in Iowa, with an average EBI score of 251, the acceptance rate was 15 percent.

Lower commodity prices also reduced landowners’ interest in the 2014 Farm Bill provision that allowed CRP contract termination without penalty during FY 2015. Contracts were required to have been in place for 5 years to be eligible. FSA data indicate that about 90,000 CRP acres were terminated under this provision—likely far lower than if this provision had been in effect for FY 2012 when many commodity prices were near peak levels.

CRP Looking Ahead

FSA is constantly on the look-out for ways to help new and beginning farmers gain entry into farming—whether through outreach or other means. The Transition Incentives Program (TIP) provides two additional years of payments for retired producers who transition expiring CRP acres to socially disadvantaged, veteran, or beginning producers who make conservation and land improvements, begin the certification process under the Organic Foods Production Act of 1990, or devote the land to sustainable grazing or crop production. The 2014 Farm Bill provided \$33 million through FY 2018, up from \$25 million under the 2008 Farm Bill. About \$12 million of TIP funding has been obligated under the 2014 Farm Bill so far, helping an estimated 931 eligible new producers.

FSA has also heard from beginning farmers that it can be difficult to compete for farmable land in certain areas given the level of CRP rental rates. Since the initiation of CRP in 1985, CRP rental rates have been set to align, as closely as possible, with cash market rents. FSA currently uses data from the National Agricultural Statistics Service (NASS) cash rents survey, adjusted for soil types, to set CRP annual payment rates. Rates are updated periodically. There is an inherent lag in these rates. As land prices go down over time, rates may be temporarily higher than the market, and conversely, as land prices go up, rates may be temporarily lower than the market. We try to minimize this lag by updating rates as soon as better data is available.

CRP has many flexible elements that allow adjustment to critical conditions, such as emergency haying and grazing, and we look forward to continuing our flexible approach going

forward. On April 4, 2017, USDA authorized emergency grazing on CRP lands in Kansas, Oklahoma, and Texas – the three states which were most heavily affected by wildfires which began on March 6, 2017. Without this assistance, many ranchers would have been forced to downsize their cattle herds due to lack of sufficient grazing land. This measure allows them to salvage what remains of their cattle and return to the important business of feeding the world. Just last week, Secretary Perdue authorized emergency grazing on CRP lands in drought-stricken counties in Montana, North Dakota, and South Dakota.

Emergency Assistance through non-Title II Conservation Programs

The Emergency Conservation Program (ECP) is of great importance to farmers and ranchers across the nation after a disaster. This program, first enacted in the Agricultural Credit Act of 1978, provides emergency funding and technical assistance to farmers and ranchers to rehabilitate farmland damaged by natural disasters and for implementing emergency water conservation measures during periods of severe drought.

With 2017 flooding in Missouri, Arkansas and other states, we stand ready to provide ECP funding, within our available resources, to farmers and ranchers in those states to restore livestock fences and conservation structures, remove flood debris, and rehabilitate farmland. So far, FSA has allowed for the streamlining of signup at the local county offices by authorizing a waiver of on-site visits to farms and ranches. County offices are currently conducting signups.

Enhanced Service through Closer Interaction with NRCS

FSA is very much focused on our closer relationship with NRCS and Risk Management Agency (RMA) in the new Farm Production and Conservation mission area. Together, we look forward to enhancing the service provided to our farming and ranching customers. FSA is proud of the vital impact that CRP has had on the landscape to date. Since its inception, we estimate that CRP has prevented more than 8 billion tons of soil from eroding, and reduced nitrogen and phosphorous runoff by 95 percent and 85 percent, respectively, on enrolled lands. In addition, CRP sequesters an estimated 43 million tons of greenhouse gases annually. Our linkage with NRCS will help us achieve even greater environmental benefits.

Again, I want to thank you for allowing me to provide FSA's perspective on the valuable conservation programs your Committee authorizes. I am happy to answer any questions you may have.

FIGURE 1. Summary of CRP Sign-Up Types

General Signup	Continuous CRP	Grasslands
Enrollment through periodic competitive signups	Initiated in 1996 and is not based on competitive entry (if a landowner qualifies, the land is approved for enrollment)	New with the 2014 Farm Bill, eligible grassland including land that contain forbs or shrubland for which grazing is the predominant use may be enrolled through continuous enrollments with periodic ranking periods
USDA announces General sign-up periods-- typically no more frequently than once a year— where landowners submit bids and compete for entry.	environmentally desirable land devoted to certain conservation practices may be enrolled at any time, includes the <ul style="list-style-type: none"> •Conservation Reserve Enhancement Program (CREP) •Farmable Wetlands Program (FWP) •State Acres for Wildlife Enhancement (SAFE) •Highly Erodible Lands Initiative (HELI) 	Similar to general sign-up, enrolled lands are likely to be larger parcels than associated with Continuous CRP sign-up. “working lands” program that particularly benefits livestock producers.
The most recent General sign-up was held in FY2016. General sign-up enrollment is currently 16 million acres.	Given proximity to the acreage cap, FSA ended continuous enrollment in May 2017 for FY 2017 entry and “paused” entry for FY 2018 (although FY 2018 applications are still being accepted). Current enrollment is 7.3 million acres. Continuous sign-up increased significantly relative to General sign-up enrollment over the past eight years (see figure 2).	FSA has held three Grasslands ranking periods and 800,000 acres have been approved for enrollment for FY 2018 contracts. The statutory enrollment cap is 2 million acres, which counts against the 24-million-acre overall CRP cap.

FIGURE 2. Enrollment trends since 1986

