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Questions and Answers on the Conservation
Reserve Component of the 1985 Farm Bill

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For the first time since 1956, major soil conservation provisions are included in a farm bill. This legislation has the potential to create the largest soil conservation program ever, as well as to support farm income. An underlying objective is to make conservation and other farm programs mutually supportive. An innovative conservation reserve program provides the foundation for achieving increased commodity and conservation program consistency.

The Conservation Title

- Q: What are the major components of the 1985 Farm Bill's Conservation Title?
- A: Sodbuster, swampbuster, and conservation compliance provisions, and a conservation reserve program.
- Q: What are the sodbuster and swampbuster provisions meant to accomplish?
- A: These measures discourage farmers from plowing up additional highly erodible grasslands, pasture, and forest land, or draining and cultivating wetlands for crop production.
- Q: How do these provisions work?
- A: The sodbuster and swampbuster provisions will eliminate access to virtually all Government agricultural programs and benefits if agricultural producers bring highly erodible lands into crop use without a conservation plan, or convert wetlands to crop use.

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Q: How does the sodbuster provision differ from the conservation compliance provision?

A: The sodbuster provision applies to land that has not recently been cultivated. The conservation compliance provision denies future agricultural program benefits to producers if specific conservation plans are not being implemented by 1990 on highly erodible land now in production.

Q: What is the role of the conservation reserve?

A: The conservation reserve program (CRP) is the principal measure for fulfilling the dual objectives of soil erosion abatement and farm income support.

The Conservation Reserve

Q: What is the objective of the CRP?

A: There are two objectives:

- (1) Protect the Nation's natural resource base by removing highly erodible cropland from production; and
- (2) Increase commodity prices received by farmers by curbing production and, thereby, reducing supply.

Q: How much land will be placed in this reserve?

A: The intent is to enroll 40-45 million acres by 1991.

Q: It is my understanding that five rounds of bidding will be held beginning in 1986. Are there annual acreage targets? Also, as a farmer can I bid more than once?

A: There are annual acreage targets, but they are merely targets. Actual acreage accepted in any year can vary based on the level of bids received. The annual acreage targets are:

1986 crop year:	at least 5 million acres.
1987 crop year:	10 million or more.
1988 crop year:	10 million or more.
1989 crop year:	10 million or more.
1990 crop year:	5 million or more.

A farmer can only submit one bid per farm per year, but can submit a bid each year.

Q: Will the land just sit idle?

A: The designated area will be devoted to a conserving use during the life of the contract. Harvesting, grazing, or other commercial use of forage is NOT allowed. If possible, one-eighth of the acreage placed in the CRP will be planted to trees. Tree plantations tend not to be converted to row crops quickly. Many acres will be planted to native grasses which will be less likely to be plowed out than pasture grasses.

Q: This could radically affect some rural communities, couldn't it?

A: To keep the conservation reserve from hurting local economies, no more than 25 percent of the total cropland in any county may be placed in the reserve.

Q: What incentives do farmers have to enroll acreage in the CRP?

A: For farmers producing agricultural commodities on highly erodible land, the conservation reserve will provide rental payments and half of the cost of establishing a cover when converting the land to grass or trees for 10 to 15 years. Also, by taking advantage of the opportunity to receive payment for the removal of the highly erodible portion of their farm, farmers will have lower costs in implementing a conservation plan on these acres as required under the conservation compliance provision.

Q: What exactly is meant by "highly erodible"?

A: The definition of "highly erodible" is made at the discretion of CRP administrators. It can vary year by year over the 5 years of CRP recruitment. The conservation reserve also can include land other than "highly erodible" acres if such inclusion would reduce environmental damage. Buffer strips or extra protection for fragile water resources are potential uses of the reserve.

Q: How much rent will the government pay farmers to place their land in the CRP?

A: An amount sufficient to compensate the land owner or operator for retiring the land. Acceptable rental fees will be determined annually by CRP administrators. There is an upper limit of \$50,000 per year in cash or commodity

certificates to any one farm owner or operator.

Q: Is this \$50,000 in addition to other agricultural program payments?

A: Yes.

Q: What are the disadvantages of participation in the CRP?

A: Besides the fact that CRP acreage cannot be put to commercial use, farmer's cropland base and allotment history will be reduced by the ratio of the land retired to total cropland acreage.

Q: If a farmer has more than one base can he select which bases are reduced?

A: Yes, as long as the aggregate base reduction is achieved.

Q: What happens if a farmer violates his CRP contract?

A: If a violation occurs, owners and/or operators must forfeit all rights to past, present, and future rental and cost share payments (including interest on past payments).

However, the Secretary of Agricultural may modify or terminate an individual contract if the owner or operator agrees to the change.

Q: Does participation in the CRP affect conservation compliance, sodbuster, or swampbuster provisions?

A: Yes, there are several effects. First, if a farmer violates the sodbuster or swampbuster provisions he becomes ineligible for government farm program benefits including the CRP and must refund, with interest, all CRP payments. Second, land placed in the CRP automatically satisfies the conservation compliance provisions. However, the farmer will still have to satisfy the conservation compliance provisions on highly erodible cropland not in the CRP or become ineligible for government farm program benefits including the CRP. Finally, at the end of the contract, much of the CRP land will be subject to the sodbuster restrictions.

Q: It sounds like The Secretary of Agriculture has a great deal of discretion in deciding how this program will operate.

A: That is true. The Secretary, or his CRP administrators have many options. These include periodic determinations of:

- (1) eligibility for the CRP;
- (2) acceptable rental fees for CRP enrollment; and
- (3) permanence of the CRP contract.

Q: Have these determinations been made for 1986?

A: Yes. We know alot about how the program will be implemented in its first year.

CRP Implementation

Q: How is "highly erodible" land defined?

A: That's a good question and alot of different definitions have been tossed around. However, for CRP purposes this year (1986 crop year) highly erodible is defined as land in capability classes II-V with an average annual erosion rate in excess of 3T or land in capability classes VI-VIII. The average annual erosion rates are calculated on the basis of actual cropping practices during the 1981-1985 crop years.

Q: Your answer implies that the definition of "highly erodible" is subject to change in future rounds of bidding. Is that correct? Also how many acres of land qualify under the current definition?

A: Your implication is correct. The rules and regulations published in the Federal Register define highly erodible land as land in land capability classes II-V with an average annual erosion rate greater than 2T and all land in land capability classes VI-VIII. Thus, it seems safe to assume that the eligibilty criteria may change in the future. The 1982 NRI indicates that approximately 69.5 million acres of cropland meet the definition (using 3T) of "highly erodible" (103.5 million acres using 2T).

Q: What areas of the country have the largest amount of land eligible for the reserve?

- A: The Corn Belt has the largest amount of eligible acreage with 23% of the total. The Southern Plains, Northern Plains, and Mountain States account for 49%. Texas has the most of any individual state.
- Q: Are there other eligibility requirements in addition to the land being "highly erodible"?
- A: Yes, there are two additional requirements. The first is that the land must have been cropped two years during the 1981-1985 crop years. The second requires that the land must have been acquired before January 1, 1985; or with a few exceptions, if it is acquired after this date it must be held for three years before a bid can be submitted.
- Q: How will the program be applied nationwide?
- A: Acreage pools have been established for each state and in some cases the state pools have been broken down into substate pools. Farmers will submit their bids to county offices. County offices will submit the bids to the pool in which they are located. Bid acceptance will be based on the rental rates per acre offered.
- Q: Will the state-level ASCS personnel determine acceptance of the bids within their pools?
- A: No, all of the bids will be forwarded to Washington for assessment.
- Q: Has a maximum acceptable bid been established?
- A: ASCS will establish but not announce maximum acceptable bids for each of the pools. These maximum rates will be based on local land values and rental rates.
- Q: What happens if there are insufficient acres bid in a particular pool?
- A: The excess acreage will be combined into a national pool and the remaining acceptable bids will be applied to this pool.
- Q: This would appear to potentially be a very expensive program. With the current concern over the federal budget deficit, how do you justify this new program?

- A: Depending upon total enrollment and average rental rate, this program may reduce net CCC outlays by reducing expenditure in price support programs.
- Q: How will CRP payments be affected by the Gramm-Rudman-Hollings deficit reduction bill?
- A: Both the establishment cost share and the annual rental payments have been ruled exempt from Gramm-Rudman-Hollings discounting.