

2018 Farm Bill, CREP & RFBs



Conservation Reserve Program

- Despite low commodity prices and strong demand to participate in CRP
- Despite small/medium size farm vulnerability (safety net)
- Despite increased need for the benefits CRP provides (biodiversity crisis, climate change, water quality & quantity issues, soil erosion and soil health, & over production...)
- Modest partial restoration of CRP – only 27 Million acres – and that only happens in year 5 of this farm bill (2023)

CRP

- Continuous CRP: practices, like RFBs, that can sign up for at any time and have some special \$ incentives.
- CREP: Targeted program combining state and federal payments to address a key resource issue, like Chesapeake Bay water quality. Typically provides highest \$ incentives/
- General signup: usually held every year, producers submit offers, competitive process, ranked using Environmental Benefits Index (EBI)

CRP Rulemaking

- FSA is working on a CRP rulemaking
- Likely to issue draft rule for public comment this fall (before December CRP general signup)
- Public comment period (45 days? 60 days?)

This Summer: Good News & Bad News for Water Quality practices & CCRP

- Held CCRP (and CREP) signup until August 23
- Only CCRP water quality practices – such as riparian forest buffers (CP22)
- No continuous enrollment of wildlife practices (ex. SAFE initiatives)
- General signup is not planned until December (after end of this fiscal year)

The Bad News

- **Sharply lower CCRP incentives**
 - 90% of last year's Soil Rental Rate (SRR) (note: last year's CCRP SRRs are lower – eliminated 50% above on productive soils)
 - No 20% bonus on SRR
 - No signing incentive payment (SIP)
 - No practice incentive payment (PIP)
- **This is likely to be particularly harmful for practices, like RFBs, with high installation costs, especially on good soils**
- *CREPs offer a badly needed viable alternative*

The Bad News for Wildlife Habitat....

- Administration decided to wait until December to hold general signup
- Haven't had a general signup the past several years
- Yet general signup is when the whole fields of often low cost, high impact wildlife habitat is enrolled....

It's a good time to have CREP

- All 6 Chesapeake Bay states have CREPs
- CREP enrollment has resumed
 - *But reenrolls ceased Aug 23rd*
- Incentives are per CREP agreements



- Thanks to Casey bill, there is very good language in this farm bill for RFBs and CREP

CREP, MPL & Cost Share

- *“(2) MARGINAL PASTURELAND COST-SHARE PAYMENTS.—The Secretary shall ensure that cost-share payments to an owner or operator to install stream **fencing, crossings, and alternative water development** on marginal pastureland under a CREP **reflect the fair market value of the cost of installation.**”*

CREP, MPL & Cost Share

- ***Why do we have this language?***
- Often C/S reimbursement caps are out of date and don't reflect actual current costs in the area
- This can be highly problematic in PA, NY, WV, VA, MD where C/S for alternate water, fencing, and crossings is a big part of the incentive to enroll in CREP RFBs
- Super high priority language for Chesapeake Bay

CREP, MPL & Cost Share

- Congressional intent is clear here, but devil is in the details....
- How will fair market value be defined?
- Over how large an area?
- Participation in CRP rulemaking, STC,

Riparian Buffer Management Payments

- First time ever – only applies to CREP riparian buffers
- *Super high priority – combats issue of buffers that don't perform well & aren't eligible for reenrollment because weren't well maintained*
- *Win for landowners, the public, and the environment*

Riparian Buffer Management Payments

- Management
 - After establishment
 - **To maintain or enhance cover – is broader than MCM**
 - Consistent with conservation plan
- Management payments
 - Up to 100%
 - State Technical Committee (STC) role

MCM in PA

- Current approved MCM practices for CP22 in PA:
 - Prescribed mowing
 - Inter-seeding/Over-seeding
 - Inter-planting
 - Spraying Herbicide for Wildlife Benefit (previously known as “Spraying for Herbicide Only” in PA)
- PA NRCS has developed job sheets for all of the above

Riparian Buffer Management Payments

- Important how addressed in CRP rulemaking and 2 CRP Handbook
- NRCS State Technical Committee (STC) meetings
- What will be considered management activity? How often? What is “normal and customary” cost?
- *Remember, this is broader than just MCM and can be up to 100% C/S*

Riparian Buffer Management Payments

- *“(4) RIPARIAN BUFFER MANAGEMENT PAYMENTS.—*
 - “(A) IN GENERAL.—In the case of an agreement under subsection (b)(1) that includes riparian buffers as an eligible practice, the Secretary **shall** make cost-share payments to encourage the **regular management of the riparian buffer throughout the term of the agreement, consistent with the conservation plan** that covers the eligible land.*
 - “(B) LIMITATION.—The amount of payments received by an owner or operator under subparagraph (A) **shall not be greater than 100 percent of the normal and customary projected management cost**, as determined by the Secretary, in consultation with the applicable State technical committee established under section 1261(a).*

What are Partial PIPs? Why so Important?

- Stream fencing, alternate water, crossings often crucial to RFB installation in Chesapeake Bay watershed
- Can take 2 years to fully install practice & certify before receive 40% PIP
- Much better farmer's cash flow if receive partial PIP as components are completed
- Big priority in Ches Bay RFB Task Force Recs (PA did not include because SED relied on state funded C/S)

Partial PIPs & 2018 Farm Bill

- *“(3) COST-SHARE AND PRACTICE INCENTIVE PAYMENTS.— “(A) IN GENERAL.—On request of an owner or operator, the Secretary **shall** provide cost-share payments when a major component of a conservation practice is completed under a CREP, as determined by the Secretary.*
- Discretionary for USDA to determine what is a major component of the practice and when is it completed
- Mandatory for USDA to provide partial payments
- Caption includes PIPs but text doesn’t discuss (although arguably is included in cost-share payments)

Technical Assistance

- *“(2) TECHNICAL ASSISTANCE.—For the purpose of enrolling forested riparian buffers in a CREP, the Administrator of the Farm Service Agency shall coordinate with the applicable State forestry agency.”*

Other RFB Provisions

- Language encouraging inclusion of food producing woody plants in RFBs & allows harvesting
- Only allows one reenrollment of hardwood trees, except RFBs and CREP forested wetlands

Other good CREP provisions

- *(C) include procedures to allow for a **temporary waiver of the matching requirements** under subparagraph (B), or continued enrollment with a temporary suspension of incentives or eligible partner contributions for new agreements, during a period when an eligible partner loses the authority or ability to provide matching contributions, if the Secretary determines that the temporary waiver or continued enrollment with a temporary suspension will advance the purposes of this subchapter.*
- For example, this could help prevent CREP closures, like Delaware CREP a few years ago....

Other Good CREP Provisions

- **New SRRs** – CREP partners can submit alternative proposed SRR – this is hugely important for Chesapeake Bay where often don't have robust farm rental markets
- **Reenrolling acres – reduction in SRR:**
 - Only get 90% of SRR in CCRP
 - Only get 85% of SRR in general signup
- *But these restrictions can be waived for CREPs*

Other CCRP Provisions

- CLEAR (Clean Lakes, Estuaries and Rivers) Initiative and CLEAR 30
- Includes RFBs
- BUT of limited utility here because:
 - Decision to strip incentives from CCRP
 - Chesapeake Bay states have CREPs – much better deal for farmers

NRCS & FSA Consistency

- 2018 Farm Bill – directs agencies to be more consistent re C/S and payment rates
- Unknown re C/S – will FSA use NRCS EQIP rates???
- Pros:
 - Less paperwork – don't have to submit receipts
 - Consistency across programs, less confusing
- Cons
 - Could present difficulties for people in Chesapeake Bay who have more challenging circumstances, like steep slopes, that increase actual installation costs above the average costs

Summary for Chesapeake Bay

- Demand to enroll in CRP/CREP generally high when commodity prices are low
- Challenging: delayed start, limited acreage, poor CCRP incentives, and late general signup (state allocations based on historic enrollment)
- **Best opportunity by far is through CREP *and* 2018 Farm Bill contains important improvements for RFBs & CREP**
- CRP rulemaking & STC meetings may have big impact in Chesapeake Bay States