

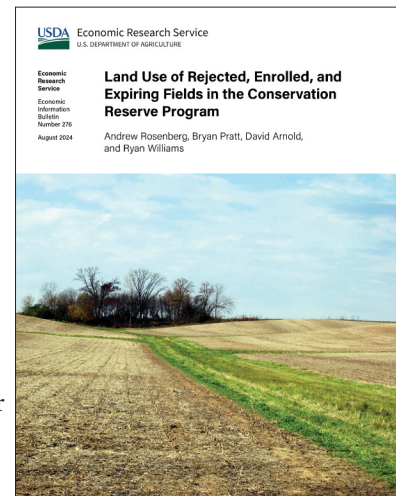


# Land Use of Rejected, Enrolled, and Expiring Fields in the Conservation Reserve Program

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## What Is the Issue?

The U.S. Department of Agriculture's Conservation Reserve Program (CRP), administered by the USDA, Farm Service Agency, pays landowners to plant and maintain environmentally beneficial land covers instead of crops. In this report, the authors determined the extent to which CRP removes intensive land uses from production, examining land-use decisions made by the owners of parcels offered and rejected from the 2016 CRP General Signup. The 2016 CRP General Signup had a particularly high rejection rate for a General Signup, the CRP's competitive auction. The high rejection rate means that many rejected offers from the 2016 Signup would likely have been accepted in more typical Signups, and the observed land-use choices of rejected offers from 2016 serve as an estimate of what land uses are replaced when land is enrolled in CRP in other Signups. The authors also examined the tradeoffs that would be associated with prioritizing new or returning CRP applicants or with maximizing total acreage or the proportion of cropland enrolled in contracts.



## What Did the Study Find?

The study compared land-use transitions of accepted and rejected offers from the 2016 General Signup with the following results:

- After rejection, 16.6 percent of acres that landowners offered were planted in corn and soybeans, 23.4 percent were in wheat or left fallow, 20.7 percent in grassland, 14.7 percent in mixed forage, and 8.9 percent were idled or were in other land uses. Landowners enrolled the remaining 15.7 percent of offered and rejected acres in the Continuous Signup CRP (an alternative CRP enrollment mechanism which allows environmentally sensitive land to be enrolled throughout the year).
- Rejected offers with higher scores for the Environmental Benefits Index (EBI), the General Signup CRP's multicategory score used for ranking and selecting offers (see definition box), had lower proportions of land in corn and soybeans and higher proportions in wheat.

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The authors also estimated the average acreage in each land use that could be retired for every additional \$100 spent enrolling land in CRP. They found that:

- If rejected offers that did not subsequently enter CRP through Continuous Signup were instead accepted, the program would retire a total of 1.39 acres on average per \$100 spent, including: 0.28 acres of corn and soybeans, 0.23 acres of wheat, 0.12 acres of other cropland, 0.24 acres of mixed forage, 0.33 acres of grassland, 0.01 acres of timberland, and 0.18 acres of fallow or idle land;
- The total acreage in cropland retired per \$100 spent would decline if the EBI threshold was set lower, as in other Signups. However, acres in corn and soybeans retired per \$100 spent would increase with a decreasing threshold.

Land-use outcomes of rejected offers vary with recent CRP participation prior to applying in 2016:

- Many returning applicants, those with recently expired CRP contracts, reentered the CRP through Continuous Signup after being rejected from General Signup. Returning applicants were more likely than new applicants to have land in grassland and mixed forage after their offers were rejected. New applicants were much more likely to grow crops after their offers were rejected;
- Enrolling new applicants would retire more cropland per dollar spent than reenrolling returning applicants but would also result in less total acreage enrolled per dollar spent.

The report also compared fields that landowners removed from the CRP voluntarily and involuntarily with the following results:

- Landowners that attempted to reenroll in the General Signup CRP but were rejected (“involuntary exits”) made similar land-use decisions to those that exited the CRP without attempting to reenroll (“voluntary exits”). However, involuntary exits were less likely to lead to crop planting than voluntary exits after exiting the CRP.

Land-use outcomes of rejected offers also differed geographically. The authors found that:

- Corn Belt States had the highest proportions of non-CRP land with crops. Western States had more land in grassland and mixed forage. Several States had close to half of their land that was rejected from General Signup entered into the Continuous Signup CRP.
- Acreage potentially retired per \$100 varied considerably by State. A high amount of acreage per \$100 could be retired in Western States due to their low rent land. Corn Belt States could retire the most acres in corn and soybeans, but States with lower rental rates could retire more cropland acres per dollar spent.

## **How Was the Study Conducted?**

The authors observed field-level land-use decisions of all offers made in the 2016 General Signup. They utilized offer data on acceptance status, offered rental rates, practices offered, and EBI scores. Using the USDA, Farm Service Agency’s (FSA) Common Land Unit dataset, they linked most offers to land-use data recorded in FSA’s Crop Acreage Reporting Database. Land-use information from 2013 through 2019 was pooled into two categories: the 4 years prior to the 2016 Signup (2013–16) and the 3 years after (2017–19).