

**May 2005**

## **Conservation Reserve Enhancement Program (CREP II) (Southwestern Area)**

### **Overview**

The Conservation Reserve Enhancement Program (CREP II) is a federal-state natural resource conservation program that works to meet state environmental objectives and to protect environmentally sensitive land on 120,000 acres in parts of Northwest, Southeast, and Southwest Minnesota. Under CREP II, program participants voluntarily enroll certain practices in the USDA's Farm Service Agency (FSA) Conservation Reserve Program (CRP) and the Minnesota Re-invest in Minnesota (RIM) program.

Under CREP II, participants receive financial incentives for both the CRP and RIM contracts for removing cropland from agricultural production and converting the land to native grasses, trees, and other native vegetation along with completing wetland restorations. CRP is authorized by the Food Security Act of 1985, as amended.

CRP contracts are for 14 to 15 years and RIM easements are for 45 years or permanent (an exception is contour grass strips in Southeast Minnesota, which is restricted to 14 to 15 year CRP contracts only). The total cost of MN CREP II is about \$250 million, with FSA contributing \$200 million and the state funding \$50 million. The \$250 million does not include any costs that may be assumed by producers.

Minnesota CREP II targets enrollment to environmentally sensitive acreage in the Red River Watershed in northwestern Minnesota, the Lower Mississippi Watershed in southeastern Minnesota and the Missouri/Des Moines River Watersheds in southwestern Minnesota.

The program is a results-oriented community-centered cooperative project among landowners, FSA, Minnesota Board of Water and Soil Resources (BWSR), local Soil and Water Conservation Districts (SWCD), Watershed Districts, Natural Resources Conservation Service (NRCS) and other partners.

### **Benefits**

The program will convert environmentally sensitive cropland to native vegetation in order to improve water quality, reduce soil erosion, reduce flood damage, increase flood water storage, and provide for fish and wildlife habitat. Establishment of certain practices to native vegetation will greatly reduce runoff of sediments, nutrients, pesticides, and pathogens from agricultural sources. CREP will also increase the water storage capacity of the watersheds through wetland restoration. Restoring native vegetation will also increase natural diversity and the population of many species, primarily grassland birds. Other agricultural impacts mitigated by a CREP include decreased fragmentation of riparian corridors, grasslands, and forestlands.

## **Goals**

The goals of the CREP II include:

- Reducing sediment loading in the three targeted watersheds by 420,000 tons per year;
- Reducing phosphorus loading in streams and rivers by 530,000 pounds per year and nitrogen levels by 3,000,000 pounds per year;
- Helping to protect the drinking water supplies of 250,000 people by enrolling up to 8,195 acres of land in sensitive groundwater areas through the use of 14 to 15-year CRP contracts and 45-year RIM easements;
- Enhancing long-term fish and wildlife habitat in the targeted watersheds for the preservation of natural diversity of Minnesota's biological resources, including threatened and endangered species;
- Helping to protect 2,500 linear miles of streams, rivers and ditches by enrolling up to 61,897 acres of riparian buffers through the use of 14 to 15-year CRP contracts and 45-year RIM easements;
- Restoring up to 24,000 acres of wetlands and adjacent upland acres through the use of 14 to 15-year CRP contracts and permanent RIM easements. These wetland restoration measures will also help reduce future flood damage by increasing water storage capacity by 10,000 to 20,000 acre feet per year;
- Restoring up to 5,000 acres of flood-damaged land through the use of 14 to 15-year CRP contracts and permanent RIM easements;
- Enrolling up to 18,058 acres of highly erodible cropland with an Erodibility Index (EI) of 15 or greater to reduce soil erosion and achieve related high-priority natural resource benefits;
- Enrolling up to 2,850 acres of highly erodible cropland with an EI of 8 or greater to help reduce soil erosion through the use of contour buffer strips.

Up to 120,000 new acres of environmentally sensitive land within the three designated watersheds will be targeted with the following enrollment goals:

- 51,000 acres in the Red River Watershed in northwestern Minnesota;
- 51,000 acres in the Upper Mississippi Watershed in southeastern Minnesota;
- 18,000 acres in the Missouri and Des Moines River Watershed in southwestern Minnesota.

## **Basic Land Eligibility for CREP II in Southwest, MN**

- Land must be cropland that is physically and legally capable of being cropped ;
- Has been cropped four of the six years (1996 – 2001);
- Riparian areas – perennial stream, seasonal that contains water for only part of the year but more than just and or after rainfall or snowmelt;
- Ground water protection – eligible land must be entirely within 10-year wellhead protection area; approved by Minnesota Department of Health
- Wetland restoration – restorable wetland acres must be farmed wetlands, wetlands, prior converted wetlands; area offered must be entirely within the 100-year floodplain CP23 or outside the 100-year floodplain CP23A;
- Certain flood damage reduction areas.

## **Producer Eligibility**

- The cropland must have been owned or operated for 12 months prior to being offered.

### **Sign-up and Contract Duration**

Sign-up for the MN CREP II begins June 6, 2005, and continues until enrollment goals are attained, or through December 31, 2007, whichever comes first. Land enrolled in the MN CREP II remains under a CRP contract for a period of 14 to 15 years, and a 45-year or perpetual RIM easement, as specified in the contract.

### **Approved Conservation Practices**

#### **Missouri and Des Moines River Watersheds in Southwestern Minnesota:**

- CP2 Establishment of Permanent Native Grasses (15 years of CRP/45 years of RIM easement)
- CP4D Permanent Wildlife Habitat (15 years of CRP/45 years of RIM easement)
- CP12 Wildlife Food Plot (15 years of CRP/45 years or permanent RIM easement)
- CP21 Filter Strips (15 years of CRP/45 years or permanent RIM easement if flood reduction)
- CP22 Riparian Buffer (15 years of CRP/45 years or permanent RIM easement if flood reduction)
- CP23 Wetland Restoration, 100-Yr Flood Plain (15 years of CRP/permanent RIM easement)
- CP23A Wetland Restoration, Non-Flood Plain (15 years of CRP/permanent RIM easement)

**Whole counties Southwest CREP area:** Rock, Nobles

**Partial counties are Southwest CREP area:** Lincoln, Lyon, Pipestone, Murray, Cottonwood, Jackson, Martin

### **Payments**

Subject to contract terms and certain limitations, CREP participants will be eligible for the following types of FSA payments:

- A per acre annual rental payment based on the most current CRP soil rental rate.
- An additional 30 percent soil rental rate incentive.
- 50 percent of the eligible reimbursable costs (cost-share) to establish CREP conservation practices. Cost-share reimbursement to CREP participants from all sources may not exceed 100 percent of the cost to install CREP conservation practices.
- A one-time Practice Incentive Payment (PIP) for CRP practices CP21 and CP22 according to FSA's published national CRP directives.
- A one-time Signing Incentive Payment (SIP) for CRP practices CP21 and CP22 according to FSA's published national CRP directives.
- A one-time Incentive to Restore Wetlands payment for practices CP23 and CP23A according to FSA's published national CRP directives.

Subject to contract terms and certain limitations, CREP II participants will be eligible for the following types of RIM payments:

- Upfront RIM Signing Bonus payment.
- Cost-share not to exceed 100 percent of the eligible costs to install the CREP II Conservation practice after subtracting any CRP cost-share and PIP.

**Payment Example:**

10 acres of CP21 offered for 15 years of CRP enrollment and 45 years of RIM easement:

Annual Rental	$\$75 \text{ acre} \times 30\% \text{ incentive} (1.3) + \$5 \text{ maintenance} \times 10 \text{ acres} = \$1025$
Total of CRP annual Rental payment	$\$1025 \times 15 \text{ years} = \$15,375$
SIP	$\$10 \times 15 \text{ years} \times 10 \text{ acres} = \$1,500$
CRP cost share (c/s)	$10 \text{ acres} \times \$110/\text{acre practice installation cost} = \$1,100 \times 50\% = \$550$
PIP	$\$550 \times 80\% = \$440$
RIM c/s	$\$1,100 \text{ practice installation cost less CRP c/s of } \$550 \text{ and CRP PIP of } \$440 = \$110 \text{ RIM c/s}$
RIM Bonus Payment	Based on a percentage of the county assessor’s estimated township market value for tillable farmland in the township of enrollment and 45-year easement length (refer to the following website for these payments <a href="http://www.bwsr.state.mn.us/CREP2/crepIIrates.pdf">http://www.bwsr.state.mn.us/CREP2/crepIIrates.pdf</a> )

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