10-1956

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Everett E. Peterson

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The 1957 Conservation Reserve Program in Nebraska

by

Everett E. Peterson, Agricultural Economist

1. What is the conservation reserve program?

It is one of two crop acreage reduction programs established by the Soil Bank Act of 1956. The other is the acreage reserve program which applies in Nebraska only to farms with wheat allotments and corn allotments or soil bank corn bases. The 1957 national conservation reserve goal is 20 million acres; for Nebraska, 790,000 acres. For payments to farmers, $450 million is available of which Nebraska's share is about $7 million.

2. How does the conservation reserve program operate in Nebraska?

Nebraska farmers who wish to enter the program will be paid for placing some of their cropland in the conservation reserve and devoting it to long-term conservation uses rather than to the production of crops for harvest. This program will be handled at the local level by the County ASC Committees.

3. Is the conservation reserve program available to all farmers and ranchers?

It applies more generally than the acreage reserve. Land regularly used in crop production is eligible for the conservation reserve. This includes tame hayland which normally requires preparation and seeding to establish a stand but not annual tillage. Land in the acreage reserve, permanent pasture land, and land owned by the federal government are not eligible. Livestock ranchers whose land is entirely in permanent pasture and native or wild hay meadows will not be able to participate.

4. How can a farmer take part in the program and earn conservation reserve payments?

First, he must sign a contract with the U. S. Department of Agriculture through his County ASC Committee agreeing: (1) to designate or set aside specific tracts of cropland as conservation reserve, and (2) to establish and maintain approved conservation practices on such land for a 3 to 15 year period. The contract must be signed by the farm owner or owners and by the tenant on a rented farm.

Second, he must carry out the conservation practices specified in the contract. No crop can be harvested from the conservation reserve and it cannot be pastured during the contract period. (Under emergency conditions such as severe drought, the Secretary of Agriculture may permit grazing.) Noxious weeds must be controlled on reserve land.

Third, he agrees to keep the same amount of land in conserving and idle uses as in the past and to reduce the acreage in crops for harvest below the usual acreage in non-conserving crops. (See Question 12.)

Fourth, no payment will be made for any year of the contract period in which he exceeds either his wheat allotment or permitted acreage or his soil bank corn base or corn allotment.

5. What are the final dates for signing conservation reserve contracts?

The final date for 1957 as the first year of the contract period is March 15, 1957. Contracts which include 1956 as part of the contract period must be signed and filed in the County ASC Office by November 30, 1956.

6. What is the "contract period"?

It is the number of calendar years covered by the contract. This can be from 3 to 15 years depending upon the present condition of the land and conservation practices to be followed. Separate tracts of land on the same farm may be designated with different contract periods.

The contract can be either 3 years or 5 years, at the farmer's choice, for conservation reserve land on which there is already adequate grass cover. Contracts for less than 5 years can be extended for 2 years if restoration or improvement of grass cover is necessary during the contract period.
7. What payments will be made to farmers who participate in the conservation reserve program?

Farmers who fulfill the provisions of their conservation reserve contracts can earn two kinds of payments: (1) a cost-sharing payment for establishing conservation practices and (2) an annual payment to provide income from land taken out of production. Both payments can be earned during the first year of the contract; in succeeding years the annual payment only will be made. If land placed in reserve already has approved cover only the annual payment is made.

The cost-sharing payment can be as much as 80 percent of the cost of establishing approved soil and water conservation practices on reserve land. The actual payments will be determined by State and County ASC Committees and vary by practices and areas. In general, the conditions of applicability, specifications and cost-sharing rates for approved practices are the same as under the 1957 Agricultural Conservation Program (ACP). The maximum cost-share payment for a water storage facility is $500. Materials and services provided by USDA for conservation work on reserve land will be considered as part of the cost-share payment. A farmer cannot get an ACP payment and a conservation reserve payment for the same practice.

An annual payment is made each year for the length of the contract. This is in addition to any cost-sharing payment. The payment for a farm is the number of acres placed in reserve times the rate per acre as established by the State and County ASC Committees. The average rate for Nebraska is $9.00 per acre but this varies from $6 to $11 among the counties. If part of the land in a county is irrigated, the rate is based on non-irrigated cropland.

The total annual payment to any one farm land owner, landlord or tenant is limited to $5,000 unless a higher payment is approved by the Secretary of Agriculture. No annual payment will be made for a year in which grazing of reserve land is permitted because of local disaster conditions.

8. How and when will conservation reserve payments be made?

No special dates have been set. Payments will be made by means of CCC sight-drafts as soon as practicable each year after the County ASC Committee has determined for each farm in the program: (1) the acreages in soil bank base crops and other uses and (2) that the provisions of the contract have not been violated.

9. For what conservation practices can cost-sharing payments be obtained?

Eligible practices include: (1) constructing dams, pits and ponds for water storage; (2) establishment of permanent grass cover; (3) winter or summer cover crops for temporary protection before permanent cover is established; (4) application of lime where necessary to obtain a stand of grass or legumes; (5) tree planting; (6) establishment and management of wildlife cover and water.

Where water from a dam is used for livestock, the water must be conveyed to an area outside the reserve acreage to protect the reserve land from grazing. Water from a dam cannot be used for irrigating any land other than conservation reserve acreage. Dams or ponds may be stocked with fish. No cost-sharing is possible for construction of fences.

10. Is technical help available in selecting land and conservation practices for conservation reserve?

Such assistance is available from the U. S. Soil Conservation, Forest and Fish and Wild Life Services, and from the Nebraska Agricultural Extension Service and State Game, Forestation and Parks Commission.

11. What is the farm "soil bank base"?

For each farm entering the conservation reserve program, a soil bank base will be established by the County ASC Committee. In general, this soil bank base is the average acreage of non-conserving crops for harvest on a farm in the two years just before the first contract year.
The main soil bank base crops in Nebraska are: field, sweet and pop corn; small grains including grain and forage sorghums harvested for grain, hay or silage or pastured; soybeans; field beans and peas; potatoes; sugar beets; annual grasses such as sudan if seed is harvested. The following are not soil bank base crops: annual, biennial and perennial grasses and legumes for hay, silage and pasture such as sudan, sweet clover, alfalfa, clover, timothy, brome, etc. any crop grown only for cover or green manure and not harvested; and land in home gardens.

12. How is the soil bank base used in the conservation reserve program?

It is used in determining the permitted acreage of soil bank base crops which may be harvested in any year. On most Nebraska farms the maximum permitted acreage will be the soil bank base less the number of acres put in conservation reserve. A farmer who "knowingly and willfully" harvests a base crop acreage in excess of his permitted acreage by the larger of 3 acres or 3 percent of his permitted acreage will be subject to a penalty. (See Question 16.)

Farm land not in the soil bank base is considered to be in conserving and idle uses. Participating farmers will also agree to keep the same amount of land in such uses as before they entered the conservation reserve program. The purpose of this provision is to prevent an increase in the production of non-conserving crops.

For example, the land on a Nebraska farm was used as follows in the past two years:

<table>
<thead>
<tr>
<th>Land Use</th>
<th>Acres in 1955</th>
<th>Acres in 1956</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Corn</td>
<td>80</td>
<td>60</td>
</tr>
<tr>
<td>2. Acreage reserve</td>
<td>0</td>
<td>20</td>
</tr>
<tr>
<td>3. Wheat</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>4. Small grain</td>
<td>70</td>
<td>70</td>
</tr>
<tr>
<td>5. Conservation and idle</td>
<td>120</td>
<td>120</td>
</tr>
<tr>
<td>Total</td>
<td>320</td>
<td>320</td>
</tr>
</tbody>
</table>

The soil bank base on this farm is 190 acres, the average of the first 4 items in the two years. In 1957, this farmer wants to put 40 acres of his poorer cropland in conservation reserve. He will then have only 150 acres (150-40) of soil bank base crops for harvest during the contract period; cropland placed in acreage reserve would reduce this still further. He must also maintain at least 120 acres in conserving and idle uses in addition to the 40 acres he puts in a conservation reserve.

13. Are there any limits on the number of acres a farmer can put in conservation reserve?

The smallest number of acres is 5 acres where approved cover is on the land or is to be established, or 2 acres where trees are to be planted. There are no upper limits on the number of acres but, in some situations the annual payment is made at a reduced or "non-diversion" rate rather than the regular rate. The non-diversion rate is 30 percent of the regular rate.

On a farm with a soil bank base of 30 acres or less, the farmer has three choices. He may put eligible land in conservation reserve at the regular rate only up to his soil bank base; his "permitted acreage" is then his base less conservation reserve acres. He may "reserve" any amount of land at the non-diversion rate and still produce base crops up to his base acreage. He may reserve land at both rates in which case his permitted acreage is his base less the acres reserved at the regular rate.

On a farm with a soil bank base of over 30 acres, the farmer may put eligible land up to his base in reserve at the regular rate. If he agrees to put his entire eligible acreage in the conservation reserve, he gets the regular rate for an acreage equal to his base and the non-diversion rate for the remainder.

These choices have to be made at the time the conservation reserve contract is signed.

14. How should payments be divided between landlords and tenants?

The Soil Bank Act states that adequate safeguards shall be provided "to protect the interests of tenants" including sharing payments "on a fair and equitable basis" and "such provision as may be necessary to prevent them from being forced off the farm". In general, this means that farm landlords cannot withdraw conservation reserve acres from the farm and claim the entire payment; nor can they terminate the lease for the purpose of placing the entire farm in the soil bank. The conservation reserve contract must specify the basis of sharing the annual payments; this basis must be approved by the County ASC Committee. Cost-sharing payments go to the individual who carried out the conservation practice. If more than one person is involved, the county committee decides the division of payment on the basis of relative contributions of work, equipment, etc.
The division of the annual payment according to the lease terms for sharing crops may not be satisfactory in many cases. The contributions of both landlord and tenant are changed when land is "reserved". Both have costs which go on even though some land is taken out of production. Both forego income from "banked" land, a loss for which the payment compensates. Basing the division on relative contributions from each party is the most sound approach and will probably result in sharing the annual payment about 50-50 on most farms with 2/5 - 3/5 or 1/3 - 2/3 crop-share leases.

15 What happens if the owner or tenant of a farm changes during the contract period?

Such a change in control of the farm ends the contract with the original owner or tenant. He receives no further payments and will have to refund all cost-sharing payments received unless his successor becomes a party to the contract. The successor may, at his request, be substituted under the contract.

16. What penalties are provided if the requirements of the conservation reserve program are not met by participating farmers?

No payments will be made if any acreage allotment or soil bank corn base is exceeded during any year of the contract period.

If the provisions of the conservation reserve contract are violated substantially, the contract may be ended, all rights to payments forfeited, and all payments made refunded to the federal government. For less serious violations the rights to payments will be adjusted, forfeited and refunded as determined to be appropriate.

In addition the Soil Bank Act provides that any producer who "knowingly and willfully" grazes or harvests any crop from an acreage in violation of a contract is subject to a fine or civil penalty of 50 percent of payments for the year.

17. Do farmers have to participate in the conservation reserve to be eligible for the acreage reserve and for price supports?

No, they may participate in either or both of the reserve programs as they wish. Entering the soil bank is not required to be eligible for price supports; compliance with acreage allotments and soil bank corn bases is necessary for price support eligibility.

18. Will putting land in the soil bank reduce farm acreage allotments in the future?

No, cropland placed in the soil bank will be regarded as having been in crop production in setting future allotments or corn bases.

19. Will it pay to enter the 1957 conservation reserve program?

The answer to this question will have to be worked out by each farm operator for his own situation because no two farms or farm families are alike. The soil bank program means that many farm operators have two additional enterprises to consider, the acreage and conservation reserves. The conservation reserve requires planning over 3-5 year period, or longer. Participation is voluntary in reaching his decision, the farm operator might consider the following "plus and minus" factors:

<table>
<thead>
<tr>
<th>Minus Factors</th>
<th>Plus Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Land use restricted for 3 years or more;</td>
<td>1. Payment is made regardless of crop production;</td>
</tr>
<tr>
<td>2. Crop rotation may have to be changed;</td>
<td>2. Soil improvement and possible higher future income;</td>
</tr>
<tr>
<td>3. Fixed costs go on: less efficient use of labor and machinery;</td>
<td>3. Operating costs will be reduced somewhat;</td>
</tr>
<tr>
<td>4. Landlord-tenant problems may arise on rent farms;</td>
<td>4. Improved market prices if production control is effective;</td>
</tr>
<tr>
<td>5. Payments may not offset loss of income.</td>
<td>5. Less farm work with opportunity for off-farm job or for leisure.</td>
</tr>
</tbody>
</table>