

GAO

Report to the Chairman, Committee on
Environment and Public Works,
U.S. Senate

November 2006

USDA CONSERVATION PROGRAMS

Stakeholder Views on Participation and Coordination to Benefit Threatened and Endangered Species and Their Habitats





Highlights of [GAO-07-35](#), a report to the Chairman, Committee on Environment and Public Works, U.S. Senate

Why GAO Did This Study

Authorization for several conservation programs administered by the U.S. Department of Agriculture (USDA) expires in 2007, raising questions about how these programs may be modified, including how they can better support conservation of threatened and endangered species. Private landowners receive funding under these programs to implement conservation projects directed at several resource concerns, including threatened and endangered species. In this report, GAO discusses (1) stakeholder views on the incentives and disincentives to participating in USDA programs for the benefit of threatened and endangered species and their suggestions for addressing identified disincentives and (2) coordination efforts by USDA and the U.S. Fish and Wildlife Service (FWS) to benefit threatened and endangered species. In performing this work, GAO conducted telephone surveys with a nonprobability sample of over 150 federal and nonfederal officials and landowners.

What GAO Recommends

GAO recommends that USDA and FWS include mechanisms for monitoring and reporting on coordination efforts in the final version of the agencies' memorandum of understanding. USDA and the Department of the Interior commented that they generally concurred with the findings and recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-07-35.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Robin Nazzaro at (202) 512-3841 or nazzaror@gao.gov.

USDA CONSERVATION PROGRAMS

Stakeholder Views on Participation and Coordination to Benefit Threatened and Endangered Species and Their Habitats

What GAO Found

As might be expected, survey respondents most frequently identified receiving payments as the primary incentive for landowners to participate in USDA conservation programs for the benefit of threatened and endangered species or their habitats. The other most frequently identified incentives were program evaluation criteria that give projects directly addressing threatened or endangered species greater chances of being funded by USDA and landowners' personal interest in conservation. Relatedly, limited funding for programs overall and for the amount available to individual landowners was the most frequently identified disincentive to participation in USDA's programs. Fears about federal government regulations, paperwork requirements, participation and eligibility requirements, and the potential for participation to hinder current or future agricultural production were the next most frequently identified factors limiting participation. Survey respondents most frequently suggested increasing funding, improving education and outreach, streamlining paperwork requirements, and allowing more flexibility in program participation and eligibility requirements as ways to address program disincentives to participating in USDA's programs for the benefit of threatened and endangered species. Respondents indicated that educating and reaching out to more landowners may address a number of identified disincentives, including the fear of government regulations. For some disincentives, however, respondents noted that, while addressing them might entice more people to participate in the programs, it would not necessarily benefit threatened and endangered species. For example, some respondents suggested loosening requirements on the size of buffer strips in riparian areas, but others noted that doing so might harm certain species that are dependent on riparian areas for habitat.

Much of the coordination between USDA and FWS for the benefit of threatened and endangered species occurs at their state and local offices, and is largely driven by the personal motivation of the staff involved. The types of coordination efforts that occur include sharing technical and financial assistance for implementing conservation projects, simplifying regulatory compliance procedures, assisting with special conservation projects, and participating on agency advisory groups. Agency officials noted that successful coordination is largely driven by individuals who have a strong commitment to coordinate, good interpersonal skills, and a willingness to work with others. Officials also recognized, however, that the quality of working relationships and the frequency of coordination between USDA and FWS staff varies considerably by location. To help improve working relationships and coordination, USDA and FWS have developed a draft memorandum of understanding that includes actions such as sharing information on imperiled species and streamlining regulatory processes. While the draft memorandum is a positive step toward strengthening coordination, it does not clearly articulate how these efforts are to be monitored and reported on to ensure that the intended goals are achieved and that coordination is sustained.

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Table

Table 1: Summary of Selected USDA Conservation Programs

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Abbreviations

AFWA	Association of Fish and Wildlife Agencies
CREP	Conservation Reserve Enhancement Program
CRP	Conservation Reserve Program
CSP	Conservation Security Program
EQIP	Environmental Quality Incentives Program
FSA	Farm Service Agency
FWS	U.S. Fish and Wildlife Service
GAO	U.S. Government Accountability Office
GRP	Grassland Reserve Program
NRCS	Natural Resources Conservation Service
USDA	U.S. Department of Agriculture
WHIP	Wildlife Habitat Incentives Program
WRP	Wetlands Reserve Program

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United States Government Accountability Office
Washington, DC 20548

November 15, 2006

The Honorable James M. Inhofe
Chairman
Committee on Environment and Public Works
United States Senate

Dear Mr. Chairman:

The Endangered Species Act protects about 1,300 plant and animal species facing extinction or likely to face extinction (referred to as endangered and threatened species, respectively). As one of the federal agencies responsible for administering and implementing the act, the U.S. Fish and Wildlife Service (FWS) identifies species that are threatened or endangered, and is generally required to identify habitat that is critical to these species' survival.¹ Many threatened and endangered species occur on private lands. Farmers and ranchers own or manage a good portion of this land—about one-half of the land area of the continental United States—thus, they are among the most important stewards of the nation's soil, water, and wildlife habitat. Because of this important responsibility, private land—and specifically agricultural land—is increasingly recognized as vital to conserving the nation's environment and natural resources.

The Natural Resources Conservation Service (NRCS) and the Farm Service Agency (FSA), both agencies in the U.S. Department of Agriculture (USDA), administer a number of programs that provide technical and financial assistance to landowners who wish to practice conservation on agricultural lands. A number of these conservation programs were established in 1985. Every 5 or 6 years since then, Congress has expanded the range of conservation topics that can be addressed by revising existing programs, adding new ones, and increasing funding. For example, conservation goals such as addressing water quality problems and protecting wildlife, including threatened and endangered species, have

¹The Department of the Interior is responsible for freshwater and land species while the Department of Commerce is responsible for anadromous fish and most marine species; the departments have delegated implementation responsibility to FWS and the National Marine Fisheries Service, respectively. In addition, the act directs all federal agencies to utilize their authorities to conserve threatened and endangered species.

been added to some of these programs. Recognizing the need for more conservation on private lands as well as attempting to reduce a large and growing backlog of applications for many of the programs, Congress authorized a significant increase in funding in 2002 for an array of new and existing conservation programs through fiscal year 2007, amounting to an approximately 80 percent increase over prior funding levels.²

Six of USDA's voluntary conservation programs have received substantial funding and have incorporated provisions to address wildlife—which can include threatened and endangered species—and their habitats. Of these programs, FSA implements the Conservation Reserve Program and NRCS implements the Conservation Security Program, Environmental Quality Incentives Program, Wetlands Reserve Program, and the Wildlife Habitat Incentives Program. Both agencies share responsibility for implementing the Grassland Reserve Program.³

- The Conservation Reserve Program (CRP) was established in 1985 and obligated \$1.9 billion in fiscal year 2005. It aims to conserve and improve soil, water, air, and wildlife resources by providing financial assistance to landowners who convert land in agricultural production to less intensive uses, such as establishing grasses and other vegetative covers.
- The Conservation Security Program (CSP) was established in 2002 and obligated \$202 million in fiscal year 2005. This program is intended to secure existing conservation actions being implemented by agricultural producers by providing financial assistance to help them meet and sustain a certain level of conservation.
- The Environmental Quality Incentives Program (EQIP) was established in 1996 and obligated \$950 million in fiscal year 2005. EQIP funds conservation practices on working agricultural land to achieve the following national priorities—reduce nonpoint source pollution such as nutrient and pesticide runoff, protect and conserve ground water resources, reduce air pollutants, reduce soil erosion, and promote habitat conservation for species whose populations are declining—which can

²Farm Security and Rural Investment Act of 2002. The Congressional Budget Office estimated that the 2002 law increased mandatory spending by a total of \$9.2 billion over 6 years, to a total of \$20.8 billion.

³Funding amounts provided for each program are actual obligations for fiscal year 2005. Additional information on these conservation programs is provided in appendices IV through IX of this report.

include species that are threatened or endangered.

- The Grassland Reserve Program (GRP) was established in 2002 and obligated \$71 million in fiscal year 2005. It aims to assist landowners in protecting, conserving, and restoring grassland resources on private lands through short- and long-term rental agreements and easements. Program objectives include maintaining and improving plant and animal biodiversity.
- The Wetlands Reserve Program (WRP) was established in 1990 and obligated \$267 million in fiscal year 2005. It provides payments to landowners to restore farmed or converted wetlands and retain such lands as functioning wetlands through a combination of 30-year and permanent easements.
- The Wildlife Habitat Incentives Program (WHIP) was authorized in 1996 and obligated \$46 million in fiscal year 2005. The purpose of the WHIP is to help participants develop habitat for upland wildlife, wetland wildlife, threatened and endangered species, fish, and other types of wildlife.

Given the multitude of entities involved in managing the nation’s natural resources—federal and state agencies, local soil and water conservation districts, private landowners, and others—federal agencies have been focusing on initiatives to coordinate and promote cooperative conservation among these entities.⁴ Specifically, in August 2004, the President signed Executive Order 13352 to facilitate cooperative conservation in the United States. The order addresses actions relating to the use, enhancement, and enjoyment of natural resources, and that involve collaborative activity among federal, state, local, and tribal governments, private institutions, and other nongovernmental entities and individuals. GAO has also addressed the issue of collaboration in an October 2005 report that recognized that when agencies act together—for example, by pooling resources—they can more effectively achieve beneficial outcomes for the public than could be produced when they act alone.⁵ In the 2005 report, we identified practices that can help federal

⁴Soil and water conservation districts are units of state government that operate at the local level and are charged with identifying natural resource problems within their boundaries and offering assistance in resolving them. Throughout this report, we refer to individuals who own, manage, lease, or rent land that may be used for agricultural production or ranching as “landowners.”

⁵GAO, *Results-Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies*, [GAO-06-15](#) (Washington, D.C.: Oct. 21, 2005).

agencies enhance and sustain collaboration such as establishing mutually reinforcing or joint strategies, agreeing on roles and responsibilities, developing mechanisms to measure and report results, and establishing accountability measures for individuals and agencies.

Authorization for several significant USDA conservation programs expires in 2007, and debates have begun over how these programs may be modified, including how they can better support species conservation. Recognizing the need to improve progress in recovering threatened and endangered species as well as protecting other declining species (collectively referred to as “at-risk” species), federal agencies and members of Congress are looking for more tools to assist in this process. Because USDA’s programs are voluntary, understanding the motivations of eligible landowners to participate in them for the benefit of imperiled species as well as reasons for nonparticipation is important to the debate. You asked us to obtain stakeholder views on the incentives and disincentives to participating in these programs for the benefit of threatened and endangered species as well as stakeholders’ suggestions for addressing identified disincentives. You also asked that we examine how USDA and FWS are coordinating their efforts to benefit threatened and endangered species and the factors that have contributed to successful collaborative efforts.

We selected six USDA conservation programs for our review based on expenditures, the extent to which they might offer benefits to threatened and endangered species, and USDA’s confirmation that they were appropriate given our objectives. We selected a nonprobability sample of 19 states, each of which had high levels of USDA conservation program expenditures for the six conservation programs, high or moderate numbers of threatened and endangered species relative to other states, and represented a variety of geographic locations.⁶ We conducted a telephone survey with a nonprobability sample of 157 FSA and NRCS state and local officials, soil and water conservation district officials, and landowners—including program participants and eligible nonparticipants—within the 19 states to identify the incentives, disincentives, and suggestions for addressing disincentives to participating in the programs for the benefit of threatened and endangered species and

⁶Results from nonprobability samples cannot be used to make inferences about a population because, in a nonprobability sample, some elements of the population being studied have no chance or an unknown chance of being selected as part of the sample.

their habitats. We also used telephone surveys with USDA officials to solicit information about the nature of coordination that occurs between USDA and FWS to benefit threatened and endangered species and their habitats. Moreover, we surveyed national, regional, and field officials with FWS to discuss coordination as well as the status of species in the 19 states in our sample. A more detailed description of our scope and methodology is presented in appendix I. We conducted our work between December 2005 and October 2006 in accordance with generally accepted government auditing standards.

Results in Brief

As might be expected, survey respondents most frequently identified financial benefits as the primary incentive for landowners to participate in the six USDA conservation programs we reviewed for the benefit of threatened and endangered species or their habitats. The types of financial benefits respondents identified as encouraging participation include easement payments that compensate landowners for the loss of discretion in how their land may be used into the future and cost-share payments that compensate landowners for a certain percentage of the costs necessary to implement specific conservation practices. The next most frequently identified incentives were program evaluation criteria that give projects directly addressing threatened or endangered species greater chances of being funded under USDA's multi-purpose programs and landowners' personal interest in conservation. Regarding evaluation criteria, respondents explained that landowners have an incentive to include activities that directly address threatened, endangered, or other at-risk species in their applications in order to receive extra ranking points, thereby increasing the likelihood of their application being accepted and funded by a USDA conservation program. For example, program applicants in Oklahoma can receive higher ranking points to help qualify for WHIP funding if their proposed project addresses certain at-risk species such as the threatened Arkansas River shiner or the lesser prairie-chicken. Survey respondents also explained that a landowner's personal commitment to conservation in general is an important reason for participating in these programs. Many landowners explained that they were interested in providing habitat that could support wildlife for both their own personal enjoyment as well as for the welfare of species in general. Some respondents also cited a desire to provide safe habitat for threatened, endangered, or other at-risk species specifically.

Relatedly, limited funding was the most frequently identified disincentive to participation in the six USDA programs we reviewed. Fears about federal government regulations, paperwork requirements, participation

and eligibility requirements, and the potential for participation to hinder current or future agricultural production were the other most frequently identified factors limiting participation. Respondents frequently reported that, in general, there was not enough money available in the programs to provide contracts to all eligible landowners, and that the financial incentives offered by the programs to individual landowners were often not competitive with other ways of making use of agricultural land, such as planting a commodity crop or selling to a developer. Respondents also reported that landowners share a general reluctance to enroll in these federal conservation programs, believing that participation would expose their operations to greater scrutiny and potential regulation. For example, some respondents expressed a fear of having their operations restricted under the Endangered Species Act should they provide habitat for threatened or endangered species on their land. Further, respondents indicated that the sheer volume of paperwork, as well as the degree of personal information required, can overwhelm people and discourage them from even applying to the programs. Moreover, respondents cited a number of different ways in which participation is restricted because of the programs' eligibility requirements, such as limits on a landowner's adjusted gross income, even though they may be willing to implement projects that would be beneficial to threatened and endangered species. And lastly, some survey respondents noted that participation in the programs could limit or harm current and future agricultural uses. For example, if conservation practices implemented on lands enrolled in the programs attract wildlife such as deer or geese that can be destructive to enrolled or nearby lands or both, then the landowner's operation could be jeopardized.

Increasing funding, improving education and outreach, streamlining paperwork requirements, and allowing more flexibility in program participation and eligibility requirements were the most frequently suggested solutions to encourage greater participation in USDA conservation programs for the benefit of threatened and endangered species in the six programs we reviewed. Respondents frequently suggested increasing the amount of funding in a particular program's budget—thus allowing more landowners to have their applications accepted and funded—and increasing the amount of the payments awarded to individual landowners for participating in programs. Survey respondents also indicated that educating and reaching out to more landowners may address a number of disincentives identified by respondents, including the fear of government regulations. For example, educating landowners about the regulatory impacts of providing habitat for threatened and endangered species and the regulatory assurances that

can be provided is one way to assuage the fear of the regulatory burden associated with the Endangered Species Act. With respect to streamlining paperwork requirements, respondents offered a number of suggestions, primarily focused on reducing both the volume of paperwork and the time required to complete and process program applications. When recommending more flexibility in program participation and eligibility requirements, respondents frequently suggested making the rules less prescriptive or strict, such as loosening grazing limits under CRP or allowing for variable widths of buffers along streams. For some disincentives, respondents noted that while addressing them might entice more people to participate in the programs, it would not necessarily benefit threatened and endangered species. For example, while some respondents suggested relaxing requirements on the size of buffer strips in riparian areas, others noted that doing so might harm certain species that are dependent on riparian areas for habitat.

Much of the coordination between USDA and FWS for the benefit of threatened and endangered species occurs at their field offices at the state and local level, and is largely driven by the personal motivation of the staff involved. The types of coordination efforts that occur include sharing technical and financial assistance, simplifying regulatory compliance procedures, assisting with special conservation projects, and participating on agency advisory groups. For example, FWS biologists assist USDA staff in evaluating applications to WRP by providing input on the level of restoration required to benefit threatened, endangered, or other at-risk species. Agency officials we interviewed most often cited personal motivation of individual staff as a leading factor contributing to successful coordination. Officials noted that coordination is largely driven by individuals who have a strong commitment to coordinate, good interpersonal skills, and a willingness to work with others. Agency officials also recognized, however, that the quality of working relationships and the frequency of coordination between USDA and FWS staff varies considerably by location—ranging from extremely good to not good at all. To help work more efficiently and effectively with others to benefit threatened, endangered, and other at-risk species, NRCS initiated the development of a draft memorandum of understanding that, among other things, establishes a formal framework for coordination between NRCS, FWS, and the Association of Fish and Wildlife Agencies (AFWA). The draft memorandum specifies actions to be taken such as sharing information on imperiled species, providing greater outreach to landowners about the availability of incentive programs, and streamlining regulatory processes. While the draft memorandum is an important step toward potentially strengthening coordination between the agencies to

help species, it could be improved by articulating how these efforts are to be monitored and reported on to ensure that the intended goals are achieved and that coordination is sustained. In a previous report, GAO has recognized that such measures are important to enhancing and sustaining successful collaborative working relationships between agencies.⁷ Furthermore, the draft memorandum of understanding does not include FSA, which manages the largest conservation program in USDA. To address these gaps, we are recommending that USDA and FWS include monitoring and reporting mechanisms in the final version of the memorandum of understanding, and add FSA as a party to the memorandum or develop a separate memorandum to address coordination with FSA.

USDA and the Department of the Interior provided comments on a draft of this report and generally concurred with our findings and recommendations. However, Interior suggested that the recommendations be directed only at NRCS since it is the lead agency for the memorandum. We did not modify the recommendation as suggested because, while NRCS initiated development of the draft memorandum, it is not identified as the lead agency in the memorandum; instead, as currently drafted, the agencies appear as equal partners. In addition, Interior suggested that we allow developing a separate memorandum with FSA as an option for addressing coordination between FSA, NRCS, FWS, and AFWA. We modified our recommendation to reflect this option. The agencies also provided technical clarifications, which we have addressed where appropriate. The Department of the Interior's letter is presented in appendix II; USDA provided oral comments.

Background

The purpose of the Endangered Species Act is to conserve threatened and endangered species and the ecosystems upon which they depend.⁸ Currently, there are about 1,300 threatened and endangered species protected under the act and approximately 280 candidate species that may

⁷GAO-06-15.

⁸According to the act, conserve means to use all methods and procedures which are necessary to bring any threatened or endangered species to the point at which the measures provided pursuant to the act are no longer necessary.

eventually warrant future protection under the act.⁹ The Endangered Species Act generally requires that the Secretary of the Interior (or the Secretary of Commerce for species under its jurisdiction) designate critical habitat for protected species—that is, habitat essential to a species’ conservation—and to develop recovery plans that include actions necessary to bring species to the point that they no longer need the act’s protection.¹⁰ The act requires all federal agencies to utilize their authorities, in consultation with the Secretaries of the Interior or Commerce, to carry out programs for the conservation of threatened and endangered species. In addition, where a federal agency action may affect a listed species or its critical habitat, the act requires the agency to consult with the relevant secretary to ensure that the action is not likely to jeopardize the continued existence of any protected species or adversely modify critical habitat. Federal agencies assess the potential effects proposed projects may have on protected species and may modify projects to avoid harmful effects. We have previously reported that these consultations often take longer than the allotted timeframes and frustrate federal agency officials and private parties involved in this process.¹¹

Protecting habitat is an important component to recovering many threatened and endangered species, as habitat loss is a leading cause of species decline. Habitat destruction and degradation is caused by many factors, and sometimes is the result of land conversion (e.g., for home and road building or commercial development), and logging activities including logging roads and other forest management practices. In some situations, agricultural activities such as diverting water for irrigation purposes, livestock grazing, and applying pesticides and fertilizers, can contribute to habitat destruction or degradation. However, the extent to

⁹Candidate species are plants and animals for which FWS has sufficient information on their biological status and the threats they face to propose them as endangered or threatened under the Endangered Species Act, but for which higher priority listing activities are precluding their listing under the act.

¹⁰Critical habitat refers to habitat that has features that are essential to the conservation of the species and which may require special management considerations or protection. The act includes provisions for excluding areas from designation as critical habitat if the benefits of such exclusion outweigh the benefits of specifying such area as part of the critical habitat.

¹¹GAO, *Endangered Species: More Federal Management Attention Is Needed to Improve the Consultation Process*, GAO-04-93 (Washington, D.C.: Mar. 19, 2004). By law, regulation, and policy, consultations should take between 30 and 135 days, depending on the level of review required.

which such activities impact species and their habitats is a function of many factors, including the nature of the agricultural activity and its proximity to the species. Despite its impact on habitat, agricultural land is nonetheless widely recognized as vital to the protection of the nation's environment and natural resources. As such, USDA operates approximately 20 conservation programs designed to address a range of environmental concerns—such as soil erosion, surface and ground water quality, loss of wildlife habitat and native species, air quality, and urban sprawl—by compensating landowners for taking certain lands out of agricultural production or employing conservation practices on land in production.¹² USDA has established regulations governing these programs, including eligibility requirements pursuant to authorizing statutes. Depending on the program, decisions about the projects to fund occur at the national, state, or local levels.

Table 1 summarizes the six USDA programs included in our review.¹³ While the authorizing statutes for each of these programs include measures designed to benefit wildlife and wildlife habitat, WHIP is the only program where authorizing legislation specifically mentions the development of habitat for threatened and endangered species. However, USDA includes protecting habitat for threatened, endangered, and other at-risk species in the national priorities it developed for EQIP and WHIP in 2006.¹⁴

¹²The total number of conservation-related programs can be defined in several ways. As described by the Congressional Research Service, some programs have subprogram components, while others were created by administrative action. Above and beyond these 20 programs, Congress has authorized a large number of other small discretionary programs (in terms of spending levels), usually with a specific geographic focus; some of these programs have never been funded or implemented. The programs referred to in this report are only those created by Congress.

¹³Additional information on these conservation programs is provided in appendixes III through VIII of this report.

¹⁴As of August 2006, USDA had not developed national priorities for the other four programs.

Table 1: Summary of Selected USDA Conservation Programs

Program	Original Authorizing Legislation	Principal Purpose	Fiscal Year 2005 Obligations	Payment Type	Contract Period
Conservation Reserve Program (CRP)	Food Security Act of 1985	To take highly erodible and other qualified lands out of agricultural production and to establish vegetative cover on such lands to conserve soil.	\$1.9 billion	Annual rental payments Cost-share payments	10 to 15 year contracts
Conservation Security Program (CSP)	Farm Security and Rural Investment Act of 2002	To reward farmers and landowners for past conservation work, provide technical and financial assistance to help develop conservation plans that address specific natural resource concerns, and complete additional conservation projects.	\$202 million	Annual payments Enhancement payments Cost-share payments	5 to 10 year contracts
Environmental Quality Incentives Program (EQIP)	Federal Agriculture Improvement and Reform Act of 1996	Promote agricultural production and environmental quality as compatible national goals, and to optimize environmental benefits.	\$950 million	Cost-share payments Incentive payments	2 to 10 year contracts
Grassland Reserve Program (GRP)	Farm Security and Rural Investment Act of 2002	To protect virgin grassland and former grassland capable of restoration and providing wildlife habitat value.	\$71 million	Easement payments Annual rental payments Cost-share payments	10 to 30 year contracts 30-year and permanent easements
Wetlands Reserve Program (WRP)	Food, Agriculture, Conservation and Trade Act of 1990	To restore farmed or converted wetlands and then retain such lands as functional wetlands through easement agreements.	\$267 million	Easement payments Cost-share payments	30-year and permanent easements 10-year restoration agreements
Wildlife Habitat Incentives Program (WHIP)	Federal Agriculture Improvement and Reform Act of 1996	To develop fish and wildlife habitat on private land such as restoring native vegetation or stabilizing stream banks.	\$46 million	Cost-share payments	5 to 15 year contracts

Source: GAO analysis of USDA information and laws and regulations.

While billions of dollars have been invested in conservation practices through these USDA programs over the years, including actions to benefit wildlife, clear data on the effects of these programs has been relatively limited and many questions remain regarding the conservation impacts of these practices. As a result, USDA is currently engaged in an effort to

quantify the environmental benefits of its conservation program practices. This effort, known as the Conservation Effects Assessment Project, began in 2003 and has three primary components: an assessment of national summary estimates of conservation practice benefits and the potential for USDA conservation programs to meet the nation's environmental and conservation goals, watershed assessments involving basic research on conservation practices in selected watersheds to provide a framework for evaluating and improving performance of national assessment models, and development of bibliographies and literature reviews on conservation programs to document what is known and not known about the environmental benefits of conservation practices and programs for cropland and fish and wildlife.

Incentives and Disincentives to Participating in USDA Conservation Programs to Benefit Threatened and Endangered Species, and Suggestions for Addressing Disincentives

Survey respondents identified various incentives and disincentives, as well as suggestions to address disincentives, to participating in the six conservation programs we reviewed for the benefit of threatened and endangered species. The most frequently identified incentives were financial benefits, program evaluation criteria that give projects directly addressing threatened and endangered species greater chances of being funded, and landowners' personal interest in conservation. Financial issues were also identified as a disincentive to participating in these programs, with limited funding available to the programs overall and for individuals specifically, most frequently identified by survey respondents. The other most frequently identified factors limiting participation were fears about federal government regulations, administrative and paperwork requirements, participation and eligibility requirements, and potential limits on current and future uses of the enrolled land. The most frequently identified suggestions for encouraging greater participation were increasing funding, improving education and outreach to landowners, streamlining paperwork requirements, and allowing greater flexibility in program participation and eligibility requirements. Respondents noted that while some of these suggestions may serve to increase participation in the programs, they may not necessarily benefit threatened and endangered species.

Incentives for Participating in USDA Conservation Programs to Benefit Threatened and Endangered Species

As might be expected, respondents most frequently identified financial benefits as the primary incentive to participating in the six USDA conservation programs we reviewed for the benefit of threatened and endangered species or their habitat. Program evaluation criteria that give projects directly addressing threatened, endangered, or other at-risk species greater chances of being accepted and landowners' personal

interest in conservation were the next most frequently identified incentives.¹⁵

Financial Benefits

Survey respondents most frequently identified financial benefits as a primary incentive for a landowner to participate in the conservation programs we reviewed. Several types of financial benefits were identified as encouraging participation, including annual rental payments, cost-share assistance, enhancement and incentive payments, and conservation easement payments.

- Annual rental payments. Annual rental payments are available to producers enrolled in two of the six USDA programs we reviewed—CRP and GRP. Annual rental payments provide landowners with a guaranteed source of income for their land in exchange for agreeing to participate in multi-year contracts in order to provide sustained conservation benefits. For example, under CRP, FSA provides annual rental payments for 10 to 15 years to participants who convert land in agricultural production to less intensive uses such as establishing grasses and other vegetative covers to, among other things, control soil erosion and enhance wildlife habitat.
- Cost-share payments. Cost-share assistance is available through each of the six programs we reviewed. In this report we use “cost-share assistance” to mean a payment by USDA for a certain percentage of the cost of implementing an approved conservation practice where the participant and—depending on the program—public agencies, nonprofit organizations or others contribute to the remaining amount. For instance, under EQIP, NRCS may pay up to 75 percent of the costs of implementing conservation practices such as manure management facilities, that are important to improving and maintaining the health of the environment and natural resources.¹⁶ While EQIP may provide cost-share percentages of as much as 75 percent, each NRCS state office may determine its own percentage per conservation practice, within statutory limits. For example, an agency official from Hawaii explained that EQIP participants may receive the 75 percent maximum cost-share allowed in the program for 12 of 51 accepted conservation practices that have been determined to provide the greatest environmental benefits; these 12 practices include

¹⁵Some of the other incentives identified less frequently by survey respondents included being recognized for good stewardship and the ability to receive technical assistance from USDA; a total of 16 types of incentives were identified by respondents.

¹⁶For beginning farmers and ranchers and limited resource producers, USDA’s cost-share percentage may be up to 90 percent.

some that benefit threatened and endangered species such as fencing out feral animals and planting native trees. The remaining 39 practices are eligible for a 50 percent cost share. WHIP also provides cost-share payments and provides a higher level of cost-share assistance for those participants who enter into 15-year agreements and undertake projects in areas that NRCS has identified as essential habitat for certain species. A respondent from Ohio explained that sharing the cost of implementing conservation practices through WHIP has allowed producers to convert land that was unsuitable for farming to woodlands, which has helped wildlife by reducing land fragmentation in the state.

- Enhancement and incentive payments. Enhancement and incentive payments are additional types of financial benefits available in CRP, CSP, and EQIP. In general, enhancement and incentive payments provide a participant additional funding—beyond the annual or cost-share payments available in these programs—for implementing practices that can improve a resource condition beyond that which is required for program eligibility. Enhancement payments in some states focus on benefiting targeted species, as determined by USDA state officials or local stakeholders. For example, a NRCS local office in New Mexico—with support from a local EQIP working group and approval by the NRCS state conservationist—offers an annual incentive payment for landowners to defer grazing on enrolled lands that benefit the lesser prairie-chicken, a candidate species for listing under the Endangered Species Act. Similarly, according to an official in Colorado, enhancement payments are geared toward landowners whose projects benefit state-selected species of concern.
- Easement payments. Landowners can also receive payments by entering into easement agreements with USDA; easement payments can be made to participants in GRP and WRP. An easement under these programs essentially results in the landowner agreeing to how the enrolled land will be managed under the program for the length of the agreement in return for an easement payment.¹⁷ Compared to the temporary duration of the other financial incentives offered by USDA programs, what is most distinctive about easements is the long-term or permanent character of the restriction on future development of enrolled land. Two easement options are available under GRP and WRP—30 years or permanent. According to one respondent, the incentive to pursuing an easement is the long-term

¹⁷ An easement is an interest in another person's land entitling the easement owner to a limited use of the land, or a right to preclude specified uses in the easement area by others. The easement becomes a part of the property deed and remains in effect for the life of the agreement.

Program Criteria That Give Greater Consideration to Projects that Directly Address Threatened and Endangered Species

certainty that they will be adequately compensated for making habitat improvements. Under WRP, a participant agreeing to a permanent easement may also receive a higher cost-share percentage. Specifically, these participants may receive up to 100 percent of the cost needed to implement projects to enhance or restore wetlands. For these landowners, this combined financial incentive available under WRP—the permanent easement payment and higher than typical cost-share payments—can be helpful for giving them a return on land that is marginally productive. For example, according to an agency official, participating in WRP in Washington allows landowners to be compensated for creating wetlands to benefit salmon species, including some that are threatened and endangered, on agricultural lands where production is limited by high water tables and flooding.

Another most frequently identified incentive for landowner participation for the benefit of threatened and endangered species or their habitat—in all but one of the six USDA conservation programs we reviewed, CSP—was program evaluation criteria that give projects directly addressing threatened, endangered, or other at-risk species greater chances of being approved.¹⁸ These criteria are one of several factors used to evaluate and rank applications for program participation and funding. Respondents explained that there is an incentive to include activities that directly address threatened, endangered, or other at-risk species in applicants' projects if these activities receive extra ranking points, thereby increasing their likelihood of being accepted and funded by a USDA conservation program.

Including criteria for threatened, endangered, and other at-risk species in the ranking process is done primarily by giving more points to projects that address specific species, geographic areas, or habitat types. For example, according to an Oklahoma agency official, the state-level WHIP application ranking process in Oklahoma includes criteria that give more points to projects that develop or restore habitat for the threatened Arkansas River shiner and the lesser prairie-chicken (a candidate species). In Colorado, between 5 and 25 percent of EQIP funds, per a specific watershed area, are spent for projects that address wildlife or enhance riparian and wetland habitat. Such funding has been used to target a state species of concern, the sage grouse, and federally-listed threatened and

¹⁸For most of the six USDA programs we reviewed, it was agency officials, rather than landowners or local soil and water conservation district officials, who mentioned this as a primary incentive.

endangered species such as the Preble's meadow jumping mouse. In Montana, in addition to providing greater ranking points to WHIP projects that directly benefit threatened and endangered species, NRCS offers EQIP special initiatives that are designed to address natural resource concerns that may not be addressed through traditional EQIP practices or that are determined to be such a critical need that a separate funding opportunity is warranted. Approximately 20 percent of Montana's EQIP funding is directed toward these special initiatives, some of which directly target creating benefits for threatened, endangered, and other at-risk species, such as the gray wolf and grizzly bear.¹⁹ Eligible applicants who reside in areas that are the focus of the special initiatives, and who are willing to implement specific practices, are likely to receive funding.

Landowners' Personal Interest in Conservation

A landowner's personal interest in conservation was also among the most frequently identified incentives to participate in USDA conservation programs for each of the six programs we reviewed. Many respondents explained that landowners were interested in providing habitat that could support wildlife for both their own personal enjoyment as well as for the general welfare of species, while others articulated a desire to provide safe habitat for threatened and endangered species specifically. This incentive was frequently identified for programs that are specifically geared toward benefiting wildlife, such as WRP and WHIP. Many respondents explained that, for people who are concerned about wildlife, the goals for these two programs themselves were the incentive to participate. Respondents explained that individuals have their own personal or ethical motivations to establish habitat and that according to one respondent, some landowners would do it regardless of program funding. However, as noted by another respondent, with the financial support offered by these programs, the landowner has more resources with which to better establish such habitat and benefit species. Many respondents also identified benefiting wildlife as an important incentive for participating in CRP. For example, one respondent from Georgia explained that while receiving financial assistance was the most important incentive for participating in CRP, the indirect benefit of helping to re-establish an ecosystem that provides a safe environment for certain species was an incentive.

¹⁹According to an agency official in Montana, the goal is to spend 20 percent of EQIP funding on special initiatives. The percentage may vary from year to year depending on program interest and actual program expenditures.

Disincentives to Participating in USDA Conservation Programs to Benefit Threatened and Endangered Species

Survey respondents most frequently identified limited funding as a primary disincentive to participating for the benefit of threatened and endangered species or their habitat in the six USDA conservation programs we reviewed. Fears about federal government regulations, administrative and paperwork requirements, participation and eligibility requirements, and the potential for current or future agricultural uses to be harmed or restricted were the other most frequently identified factors limiting participation.²⁰

Limited Funding for Programs and Participants

Survey respondents identified limited funding and funding uncertainty for the programs in general, and for the individual payments offered to program participants specifically, most frequently as disincentives for participating in four of the six programs reviewed—CRP, EQIP, GRP, and WHIP. Respondents frequently stated that there was not enough funding available for the programs to accept all eligible applications. Several respondents explained that a lack of program funding can deter applicants, particularly when those with credible, highly-ranked applications do not receive funding. According to one respondent, continuous rejection may result in some landowners choosing to sell their property. The choice to sell portions of property can help make retaining land economically feasible, rather than repeatedly attempting to apply for conservation program funds. Uncertainty about program funding levels can also discourage participation. For example, a respondent from Florida said that it is hard for landowners to plan for conservation if program funding levels are not known from year to year, or if there is uncertainty about whether the program and its objectives will change.

In addition to limited funding in general, many respondents identified limited or insufficient financial payments to program participants as a disincentive. According to many respondents, landowners may be hesitant to participate in a conservation program because the cost share provided by the programs is insufficient. For example, one respondent said that funding amounts available for certain conservation practices do not cover the costs associated with implementing the conservation practices, particularly for EQIP and WHIP. Respondents also reported that the financial benefits to implement conservation practices were often not competitive with the financial gain a landowner could realize, for example,

²⁰Survey respondents identified a total of 21 types of disincentives. Some of the other disincentives that were identified less frequently included a limited awareness of the available USDA conservation programs and excessive contract lengths.

by planting a commodity crop or selling their land to a developer. One respondent from Washington said that the profit margins for farmers are so low that having to cover a 50-percent share of a project's costs is too high, especially if there are no other economic benefits from implementing the conservation practice. Others stated that even a 75-percent cost share may not be enough for some landowners.

Fears About Government Regulations

Fears about government regulations was among the most frequently cited factors limiting participation in USDA conservation programs for all six of the programs we reviewed.²¹ Respondents indicated that landowners fear that participating in a conservation program would expose their operations to greater scrutiny, including potential restrictions under the Endangered Species Act, should they adopt conservation measures that result in creating habitat for a threatened or endangered species on their land. For example, a respondent from Florida noted that landowners considering enrolling in a program may be deterred by the prospect of surveys and assessments for threatened and endangered species on their land. Similarly, landowners are hesitant to take actions that would help the threatened Chiricahua leopard frog, which has adopted livestock watering tanks as a safe habitat because of loss of native habitat, because of concern about potential regulatory impacts under the Endangered Species Act. According to one respondent in Minnesota, some farmers in the state do not take conservation actions under USDA programs that may benefit the prairie fringed orchid—a threatened species—fearing that enrolled lands supporting the orchid may cause the species to grow in adjacent, non-enrolled lands.²² Respondents also explained that some landowners are generally averse to any government intervention and seek to avoid governmental monitoring, even if they could receive financial or technical assistance in return.

Administrative and Paperwork Requirements

Burdensome administrative and paperwork requirements was also among the most frequently mentioned factors limiting participation in all six of the programs we reviewed. According to several respondents, the length of time needed to go through the entire process of receiving funds from these conservation programs is long and acts as a disincentive to participating. This process generally includes applying to the program,

²¹This disincentive was reported by all types of respondents—officials from NRCS, FSA, and soil and water conservation districts, and landowners.

²²Plants occurring on nonfederal lands, however, are not protected under the Endangered Species Act, unless they are protected under state law.

adopting a conservation practice, and receiving payment. For example, one respondent from Ohio said that it can take almost a year from submitting an application to starting work on the ground. Respondents explained that the timing of the application process is also a concern for landowners. For example, a respondent from Arkansas noted that the EQIP application process starts in the spring when farmers are often busy, typically preparing their lands for planting. If the process started in the winter, it would allow farmers more time to devote to the application process.

Respondents also indicated that the sheer volume of paperwork, as well as the degree of personal information required to participate, can overwhelm people and discourage them from applying for the programs. Several respondents indicated that when landowners examine a conservation program's lengthy contract and its stipulations, they find the process intimidating and do not apply. In addition, some respondents said that they feel that the relatively small amount of money available in the programs is not enough to justify the large amount of paperwork required to apply. One respondent said that filling out all of the forms is particularly burdensome for landowners with smaller farms, and that such landowners cannot afford to spend time tracking down the information for the forms when they instead need to be working on their land. Furthermore, CSP encourages participants to perform self-certification and develop conservation plans. These additional recordkeeping responsibilities can deter potential participants. Some respondents stated that landowners may not have adequate records to prove that they meet the extensive eligibility requirements for a program. Furthermore, some respondents told us that some potential applicants avoid participating because of application requirements to divulge personal information, such as their adjusted gross income, work history, and backgrounds.

Finally, according to some survey respondents, obtaining necessary permits to implement conservation practices can slow down an already long process.²³ For instance, one respondent from Washington told us that the permitting process for implementing in-stream projects for threatened and endangered fish is lengthy and inefficient, and may require the involvement of multiple stakeholders, including USDA, FWS, the National Marine Fisheries Service, state departments of fish and wildlife and

²³Permits may be needed, for example, to meet local zoning regulations or Clean Water Act requirements.

Participation and Eligibility
Requirements

ecology, as well as county and local permitting agencies. While the issuance and approval of the permits are not the responsibility of USDA, from the applicant's perspective, these permits add to the burdensome nature of applying for USDA funds.

Also among the most frequently cited disincentives to participating in all of the six programs was that some of the programs' participation requirements were too restrictive and inflexible. A number of respondents told us that program requirements about what can and cannot be performed in a conservation project are too rigid, and often do not include the very components that are necessary for achieving the intended conservation benefit. For example, limitations on grazing under CRP and GRP were cited by numerous respondents as inflexible. While grazing restrictions were established, in part, to improve ground cover for species such as ground-nesting birds like the lesser prairie-chicken, some respondents contend that the restrictions may actually provide less benefit to some species. An agency official from Oregon explained that the inability to disturb grass stands under 10-year CRP contracts could be counter-productive, because while the undisturbed grass is viable and beneficial for wildlife in the first 5 to 6 years, it will then begin to die out, and could present a fire hazard for the landowner; it is possible that a fire could also result in the destruction of important habitat.²⁴ This respondent further explained that while ground-nesting species may use the undisturbed grass for protection, allowing grass to grow too tall deters insects and ungulates from using the area and breaking up the sod. Breaking up the sod is critical to maintain healthy grasses.

Respondents also told us that landowner eligibility requirements can serve to restrict participation by landowners interested in benefiting threatened and endangered species. For instance, the adjusted gross income requirement for participation renders a number of landowners ineligible, and according to some respondents, these ineligible landowners might

²⁴As specified in its regulations, CRP does allow for some managed haying and grazing and thus there is not a complete inability to disturb grass stands. For example, under new CRP contracts mid-contract management is required.

have applied if permitted.²⁵ Respondents noted that the income restriction was a particular problem in areas such as Hawaii, where property income is relatively high, but where many threatened and endangered species could benefit from conservation actions. Several respondents from Hawaii explained that the income requirement excludes potential participants who own a majority of the threatened and endangered species habitat on private property relative to the rest of Hawaii. One respondent told us that he was willing to consider establishing conservation practices that would help protect an endangered plant and other species, but he is ineligible to receive financial assistance to do so because of the adjusted gross income limit.

Similarly, respondents expressed concern about CSP's eligibility requirements that limit participation to selected watersheds. According to one respondent, the number of new watersheds expected to be funded through CSP for fiscal year 2006 was 110, but the number actually funded was 60. This reduction was a result of a lack of available funding. Therefore, some landowners who might be interested in implementing CSP conservation practices may not reside in a watershed eligible for funding. Even when in an eligible watershed, a respondent from Washington said that some landowners may still not be eligible to receive funds because the program uses an inappropriate soil conditioning index criteria to select projects. The criteria used are based on Midwest soil types rather than desert soils such as those found in Washington and other states in the West.²⁶ A respondent in Illinois noted that CSP also prevents farmers that rent lands for production for short periods of time from participating. The program requires farmers to control enrolled land for the life of the contract.

²⁵The adjusted gross income provision of the Farm Security and Rural Investment Act of 2002 affects eligibility for the six programs that are the focus of this report. Individuals or entities that have an average adjusted gross income exceeding \$2.5 million for the three tax years immediately prior to the year the contract is approved are generally not eligible to receive program benefits or payments. However, the individual or entity may be eligible when at least 75 percent of the adjusted gross income is derived from farming, ranching, or forestry operations.

²⁶According to NRCS, the soil conditioning index can predict the consequences of cropping systems and tillage practices on the status of soil organic matter, which is a primary indicator of soil quality and an important factor in carbon sequestration and global climate change. The index provides a means to evaluate and design conservation systems that maintain or improve soil condition, and gives an overall rating, taking into consideration biomass production, field operations, and erosion rates.

Potential for Participation to Hinder Current or Future Agricultural Production

The potential for participation in USDA programs to limit current or future agricultural production was among the most frequently cited disincentives for three of the six programs we reviewed—CRP, EQIP, and WRP. For example, some respondents said that promoting wildlife may result in crop damage, as some animals such as deer or geese may eat crops. Because of this crop damage, some respondents may view such wildlife as pests. Furthermore, a respondent from Pennsylvania described how taking lands out of production can result in noxious weeds invading the area. These weeds are difficult to eradicate and can also spread to and infest other productive lands.

Suggestions for Addressing Disincentives to Participating in Programs to Benefit Threatened and Endangered Species

Survey respondents most frequently suggested increasing funding, improving education and outreach to landowners, streamlining paperwork requirements, and allowing greater flexibility in program participation and eligibility requirements to address disincentives and encourage greater participation in the six USDA conservation programs we reviewed for the benefit of threatened and endangered species and their habitats.²⁷ Respondents, however, also noted that while some of these suggestions might increase participation in the programs, they would not necessarily benefit threatened and endangered species.

Increasing Funding for Programs and Landowners

Increasing funding—for both programs in general and the amounts paid to individual landowners specifically—was the most frequently mentioned suggestion for encouraging participation in USDA’s conservation programs for four of the programs we reviewed—CRP, EQIP, GRP, and WRP; it was the second most frequently identified suggestion for CSP and WHIP. A majority of respondents agreed that increasing the overall investment in the programs could greatly or very greatly help threatened and endangered species. For example, increasing GRP’s budget was mentioned by some respondents as a way to include more applicants in the program, thereby increasing the number of acres enrolled and thus increasing benefits to species that depend on grassland ecosystems. One USDA official explained that if he could pick one program to put additional money into, it would be GRP, in part because of its untapped potential. Similarly, a USDA official in Iowa suggested the need to increase CSP’s overall budget because the program generally only has enough money to fund the highest-ranking applicants and, in Iowa, these tend not to be those landowners

²⁷Survey respondents identified a total of 21 suggestions to address disincentives to participating in these programs.

who include practices to benefit threatened and endangered species in their applications. According to this official, most of the highest ranking applications are for projects proposed on cropped farmlands, where there is less opportunity to benefit threatened or endangered species. Likewise, respondents suggested increasing WHIP's budget to allow more high quality applications to receive funding, particularly given that the program's primary purpose is to benefit wildlife.

Respondents also frequently recommended increasing the amount of payments offered to individual program participants. For CRP, respondents specifically suggested increasing the rates of annual rental payments associated with the program since this, in part, would help make setting land aside competitive with other agricultural uses of the land. Further, one USDA official in Massachusetts suggested tailoring the amount of rental payments to specific areas within states and counties in order to better match the payments with local land values. Under EQIP, respondents frequently suggested increasing the cost-share percentage available for projects. Respondents explained that raising the cost-share amount borne by the federal government could help encourage landowners to implement projects that benefit threatened and endangered species since those typically do not provide long-term financial returns. Some respondents recommended putting additional funding into practices that provide direct benefits to threatened and endangered species, such as providing a greater cost-share percentage under EQIP for certain species-friendly practices—as is done, for example, in Hawaii—or raising the rental rate for CRP for those acres that will directly benefit imperiled species. A similar suggestion, made by a respondent in Minnesota, was to provide more funding under GRP to those landowners whose land includes habitat that is essential for threatened and endangered species. Some of the FWS officials we interviewed suggested that USDA could target its funding allocations within programs based on geographic areas determined to be of high priority for threatened, endangered, and other at-risk species. As one soil and water conservation district official in Iowa explained, people would look into helping threatened and endangered species more if they knew they could get money for doing so.

Improving Education and Outreach to Landowners

Respondents identified improving education and outreach to landowners as a way to encourage greater participation for the benefit of threatened and endangered species most frequently for CSP and WHIP; it was the second most frequently mentioned solution for the other four programs we reviewed. Respondents recommended actions including building trust and developing personal relationships between landowners and agency staff, doing more to advertise the programs, and focusing education on the

benefits of helping threatened and endangered species and other wildlife and the specifics on how to accomplish this. One soil and water conservation district official suggested targeting outreach efforts to younger farmers. Some USDA officials we interviewed in Texas noted that, in some areas, agricultural land is starting to change hands to younger farmers and, in particular, to owners who do not depend on agricultural production for income. These officials said that some of these new landowners are more oriented to using their land for recreational purposes and are more amenable to taking steps to help threatened, endangered, and other at-risk species.

Respondents indicated that improving education and conducting more outreach to landowners could address a number of different disincentives. First, educating landowners about the regulatory consequences of providing habitat for threatened and endangered species is one way to assuage fears about regulation under the Endangered Species Act. One soil and water conservation district official in Colorado said he reassures people that providing habitat “is a good thing” and that they will not be punished for it; a USDA official in Ohio said the majority of landowners with fears about the act are reassured after learning more about how the law is implemented. A USDA official in Oklahoma explained that NRCS needs to educate landowners so they see at-risk species, like black-tailed prairie dogs, not just as pests, but instead as opportunities for them to benefit from participating in WHIP. Second, one respondent explained that educating people during the application process as to their chances of receiving funding for a competitive program like EQIP can help adjust their expectations and reduce the frustration of not receiving funding. Third, taking the time to educate people about the necessities of some of the paperwork requirements may help them better understand, even though they may still dislike, the bureaucratic process, according to some respondents. For example, a soil and water conservation district official in Oregon suggested the need to explain that paperwork requirements related to threatened and endangered species are often part of a system of checks and balances that are in place for a reason. Finally, one USDA official explained that telling people the reasons why certain conservation practices were developed under WHIP may help overcome some landowners’ perception that the strict requirements regarding how practices are to be installed are a disincentive to participating.

Streamlining Paperwork Requirements

Streamlining the amount of paperwork associated with the programs was one of the most frequently suggested ways of encouraging greater landowner participation in CSP, EQIP and WRP. Respondents’ suggestions focused on the need to simplify the application and permitting processes.

Allowing Greater Flexibility in Participation and Eligibility Requirements

Respondents suggested simplifying the application process by reducing both the volume of paperwork and the processing time for each application. Specifically, a landowner in Missouri suggested creating only one set of paperwork to apply for multiple programs, while a soil and water conservation district official in Washington proposed linking forms so information needs to be entered only once and can be carried forward automatically where needed.²⁸ Respondents also suggested making the permitting process less time consuming by, for example, allowing Endangered Species Act consultations and other environmental assessments to be performed jointly for more than one project, eliminating the need to do separate assessments for each individual project. Reducing the programs' paperwork requirements, according to a USDA official in California, would allow NRCS staff to spend more time in the field with landowners instead of processing paperwork in the office.

More flexibility in participation and eligibility requirements was also among the most frequently mentioned suggestions for encouraging participation in USDA conservation programs under CRP, EQIP, and WRP. For CRP and WRP specifically, respondents frequently mentioned making the programs' rules governing participation less prescriptive or strict. Respondents indicated that these programs contain restrictions on the amount of agricultural production that can take place on enrolled lands, and that allowing more production could entice landowners to participate, while not significantly detracting from the conservation purposes of the programs. For example, a USDA official in Montana suggested that allowing for some limited grazing in CRP might help persuade landowners who otherwise were turned off by the 10-year minimum length of the required contract. In addition, respondents suggested allowing variable widths for buffers along streams under CRP rather than setting a standard width, and allowing a producer to implement additional management practices beyond what is allowed in their program contract. For example, according to one USDA official, the enhancement program under CRP in Pennsylvania only allows mowing to control weeds during the first three years of a 10-year contract, and that allowing additional mowing each year before or after the mating season for ground-nesting birds would better help these species.²⁹

²⁸According to USDA officials, NRCS will implement a single application form in fiscal year 2007 for several programs, including CSP, EQIP, and WHIP.

²⁹FWS and USDA officials noted in commenting on a draft of this report that CRP contracts can allow for management actions in some cases.

For EQIP, respondents frequently suggested allowing greater flexibility in eligibility requirements for potential participants. Respondents recommended allowing landowners who are not agricultural producers—such as hobby farmers or people living on large parcels of land—to qualify for participation in the program; such landowners can receive funds under WHIP. As one soil and water conservation district official explained, it should not matter who owns the land, if the goal is to install projects that benefit threatened and endangered species. Other suggestions included allowing multiple landowners to apply together on one EQIP application, thereby ensuring coordinated management of adjacent lands—an action that would ultimately protect the threatened and endangered species in the area—and creating an exemption to the adjusted gross income requirement for landowners in Hawaii. This potential exemption was suggested because there are so many lands in the state with valuable habitat that are part of large ranches that do not meet the income eligibility requirement. According to one respondent in Hawaii, allowing the large landowners on Maui to participate in USDA conservation programs, for example, would greatly benefit threatened and endangered species. He said that the two largest private landowners alone could help protect several thousand acres of habitat for these species as their land is adjacent to already-protected habitat, including Haleakala National Park.

Implementing Suggestions Has Potential Limitations for Threatened and Endangered Species

Some respondents noted that while implementing the suggestions might entice more people to participate in the programs and address disincentives that were identified, doing so would not necessarily benefit threatened and endangered species in all cases. For example, according to some respondents, allowing for more management or variable buffer widths under CRP may increase participation in that program because it would address landowner resistance to the current rules; however, according to other respondents, such an action may ultimately be to the detriment of any threatened, endangered, or other at-risk species that depend on certain conditions in these areas. Similarly, a few respondents noted that reducing the paperwork requirements for CSP may result in the loss of exactly the kind of information NRCS needs to document good conservation—including benefits to threatened and endangered species—for participation in the program. While only 5 of the 18 FWS officials we interviewed felt that USDA programs in their current forms provide great to very great benefits to threatened and endangered species, many stated that the programs have a lot of potential to benefit these species. FWS officials offered some specific suggestions to orient USDA's programs more toward protecting threatened and endangered species. Some FWS officials suggested committing a certain percentage of programs' budgets to projects benefiting these species, while others recommended targeting

USDA spending to specific geographic areas that have high priority species and habitat needs.³⁰

Agency Coordination to Benefit Threatened and Endangered Species Occurs Primarily at State and Local Levels and Agency Officials Cited Staff Motivation as Key to Successful Coordination

USDA and FWS officials stated that coordination of their conservation efforts to benefit threatened and endangered species most often occurs at their field offices at the state and local level and cited personal motivation as a key factor in successful collaborative efforts. However, agency officials acknowledged that the quality of working relationships and the frequency of coordination between USDA and FWS staff varies by location. To improve working relationships and coordination, USDA initiated work on a memorandum of understanding that, among other things, establishes a formal framework for coordination. Although the draft memorandum is a positive step in improving coordination, it currently lacks mechanisms to monitor and report on implementation efforts to help ensure that coordination occurs and is sustained. It also does not include FSA, even though the agency runs the conservation program in USDA that can affect the most agricultural land—the Conservation Reserve Program.

Agency Survey Respondents and Other USDA and FWS Officials Stated That Coordination to Benefit Threatened and Endangered Species Occurs Primarily at Their Field Offices at the State and Local Level

USDA and FWS officials told us that while coordination between agencies occurs at all levels—headquarters, regional, state, and local—the majority of the work takes place at their field offices at the state and local level in the day-to-day implementation of their programs. Coordination generally involves FWS field office officials providing USDA staff in state and local offices with information about species and habitat needs relevant to conservation program decisions, while NRCS officials, who are often soil scientists and civil engineers, provide surveying and engineering expertise to FWS staff on the design and construction of specific conservation projects. Some NRCS officials told us that they routinely include FWS biologists in the onsite evaluations they conduct of WRP applications. For example, in Oklahoma, a FWS biologist serves on NRCS's wetland review team with NRCS and state agency officials, making site visits and ranking

³⁰While some FWS officials said that conservation program investments should be targeted to specific geographic areas, about three-quarters of the officials we interviewed did not believe designated critical habitat should be used to target conservation program investments because few species have designated critical habitat, designations have sometimes excluded private lands, and of the negative perceptions associated with designated critical habitat.

applications.³¹ FWS biologists assist USDA staff with ranking the biological value of WRP applications and, for those applications that are approved, commenting on the types of vegetation and level of restoration that should be implemented to benefit at-risk species.

In some cases, USDA and FWS may also jointly fund projects, although there are some restrictions on how funds from different federal programs may be combined.³² Officials told us that working together to secure funds from multiple programs across agencies can be particularly helpful to landowners who otherwise would not have been able to undertake a conservation project if they received funds from just one program. For example, NRCS and FWS jointly funded a riparian restoration project to improve habitat for the endangered shiner minnow in Calhoun County, Iowa. NRCS provided funds through WHIP for excavation work along the stream bank, as well as the purchasing of stone for stream bank stabilization. FWS funds covered all structural costs associated with the project, including the installation of stone barriers within the stream. The joint financial contributions by both agencies helped to significantly lower the total project cost to the landowner.

The agencies have also worked together to help streamline the consultation requirements of the Endangered Species Act. Under the act and its implementing regulations, NRCS must consult with FWS on each conservation project it funds that may affect a threatened or endangered species to ensure the projects are not likely to jeopardize the continued existence of the species or adversely modify designated critical habitat. We have previously reported that agency officials and private entities that must go through this process complain that it is time consuming and frustrating; some agency officials reiterated those concerns during this review. To address such concerns, FWS works with agencies to develop programmatic consultations that set forth parameters or guidelines for how specific actions might be conducted in order to avoid adverse effects to species and their habitats. If such guidance is followed, the subsequent

³¹Regulations for WRP require that NRCS consult with FWS on implementation of the program and in establishing program policies, although all final decisions regarding WRP are made by NRCS.

³²In general, funds from most of USDA's conservation programs cannot be combined with each other for implementation of the same conservation practice on the same land, although they can be combined with funds from other federal sources such as FWS programs. In no case, however, can combined funding exceed 100 percent of the actual cost of implementing a conservation practice.

consultation should presumably go more quickly. In Florida, for example, the FWS field office developed a programmatic consultation for conservation actions that NRCS commonly uses, such as controlled burning and mowing, activities that might harm the threatened eastern indigo snake. In developing the programmatic consultation, FWS and NRCS reached agreement on the best management practices to be used when implementing the conservation actions in order to avoid adversely harming the snake or its habitat. According to NRCS and FWS officials, programmatic consultations can dramatically reduce the amount of time spent consulting with FWS on projects.

USDA and FWS also collaborate on broader conservation projects involving other government agencies and nongovernmental organizations. These collaborations include:

- State and local agency initiatives. USDA and FWS work together with state and local agencies on conservation initiatives. For example, in an effort to address the loss of wetlands, officials in Kane County, Illinois, requested assistance from NRCS and FWS. Based on maps of groundwater recharge areas and extensive soil and topographic surveys from NRCS, together with information about the plant and animal communities relying on the wetlands in the county from FWS, the agencies assisted county officials in identifying wetlands that were in most need of protection.³³ Their actions, according to a NRCS official, also contributed to improving water quality, educating the local public on the importance of protecting wetlands, and helping the county's forestry division identify potential lands for public ownership.
- NRCS State Technical Committees. NRCS established these committees in every state to assist in making technical recommendations on issues relating to the implementation of natural resource conservation activities and programs. Committee members include representatives from NRCS, FSA, FWS, and other federal agencies; state agriculture and wildlife agencies; nongovernmental organizations; and private landowners.³⁴ Recommendations are made by the committee for consideration by the implementing USDA program agency. Survey respondents and other

³³ A recharge area is an area of land that allows rainwater to soak into the earth's surface to replenish groundwater resources.

³⁴ NRCS is required to invite FWS representatives to participate on state technical committees, and it is FWS policy to have representatives serve as members of these committees.

officials told us that committee work and discussions among members can identify opportunities to coordinate on specific projects to benefit threatened and endangered species. For example, discussions among committee members in Ohio led to FWS working on a CRP project—and making recommendations to modify the implementation of the project—that improved the possibility of providing habitat for the threatened copperbelly water snake. FWS and FSA officials worked together with the landowners to incorporate the modifications into the project.

- Habitat Joint Ventures. Habitat joint ventures were established in the late 1980s to help implement the North American Waterfowl Management Plan. Their purpose is to restore, protect, and enhance waterfowl habitat on a regional scale throughout North America; there are 11 habitat joint ventures in the United States. Each joint venture is comprised of numerous public and private entities. A key aspect of these joint ventures is to identify funding sources for needed conservation and to prioritize projects to receive that funding. USDA and FWS are members on these joint ventures and provide technical and financial assistance to implement projects to restore and enhance habitat and protect waterfowl. While the primary purpose of the joint ventures is waterfowl, habitat important for waterfowl is also often important for threatened and endangered species.

At the national level, USDA and FWS coordinate on developing program regulations, policy, and training. For example, the agencies have recently begun joint training sessions on the consultation process required by the Endangered Species Act.³⁵ The training is ultimately expected to be offered to local USDA staff in an effort to help them better understand and navigate the consultation process. Officials noted that such sessions also help FWS staff to better understand USDA's programs and become more familiar with USDA staff. Additionally, the agencies have worked together at the national level to develop the criteria used in evaluating and ranking proposed CRP projects. These projects are assessed, among other things, on their expected environmental benefits to soil resources, water quality, and wildlife habitat. Officials in headquarters offices have also worked together in developing conservation practices and standards for USDA and FWS conservation programs.

³⁵According to NRCS and FWS officials, this training was initiated by the agencies to implement the Healthy Forests Restoration Act, which has instigated more coordination between USDA and FWS.

While survey respondents provided many examples of successful coordination between USDA and FWS for the benefit of threatened, endangered, and other at-risk species, they also indicated that the level of coordination that occurs at the local office level varies considerably—ranging from extremely good to not good at all. We also found this to be the case during interviews with agency officials. For example, several USDA officials stated that they work closely with FWS in implementing conservation programs, such as WRP and CRP, and often share information concerning threatened and endangered species. However, other officials we interviewed said that coordination between USDA and FWS was limited or generally poor and only occurs in limited situations, such as when construction is involved on a project. Similarly, several USDA officials stated that they coordinate with FWS principally on state conservation plans or through e-mail when necessary. Still, some agency officials we interviewed noted that despite past problems between USDA and FWS, coordination is improving.

Survey Respondents and Other Agency Officials Cited Staff Motivation as a Leading Factor in Successful Coordination

USDA survey respondents and FWS officials we interviewed most often stated that the personal motivation of staff was a leading factor in successful collaboration between USDA and FWS. Specifically, officials noted that individuals who possessed a strong commitment to coordinate, had good interpersonal skills, and demonstrated a willingness to work with others were often the driving force behind successful collaborative efforts. For example, one USDA survey respondent reported that it was the personal attitude of the FWS official working with USDA that made the difference in helping to establish habitat for the threatened copperbelly water snake in Ohio. His positive attitude in working with USDA staff, commitment in attending meetings, and willingness to actively participate all contributed significantly to the success of their collaboration. Similarly, a FWS respondent noted that the people skills and collaborative attitude of NRCS and FWS staff were linchpins in completing a watershed project on the upper Little Red River in Arkansas, a project that improved habitat for a listed species of mussel and a candidate species of fish.

Commonly-shared goals and management support and direction for collaboration were other important factors that contribute to successful collaboration highlighted in our survey and in interviews with agency officials. For example, FWS officials reported that successful coordination in Montana has resulted largely from direction provided by the NRCS state conservationist who put an emphasis on threatened, endangered, and other at-risk species for EQIP and WHIP and makes funding decisions for these programs at the state level (as opposed to the county level as done in

other states). Trust was another important factor cited. Unfortunately, trust between agencies is not something that can be dictated from management; it takes time to develop. Learning about other agencies' programs and becoming familiar with counterparts at other agencies are important components to this process. In some cases, this process has been expedited by having staff from one agency collocated at another agency's offices. For example, in Colorado, two FWS officials are located at NRCS offices in the state to help address threatened and endangered species and other wildlife issues. Similarly, in Texas, an official from the Texas Parks and Wildlife Department is collocated with the NRCS state office. According to Texas officials, this close contact has been very beneficial to promoting a better understanding of each agency's respective programs and how they can work together.

USDA and FWS Are Working to Improve Coordination Efforts through a Memorandum of Understanding for At-Risk Species; however, the Memorandum Lacks Key Elements

NRCS has drafted a memorandum of understanding with FWS and AFWA to establish and maintain a framework of cooperation to proactively conserve at-risk plant and animal species and their habitats.³⁶ Initial efforts on the memorandum began in January 2005, under the direction of the chief of the NRCS, with the aim of developing a mechanism that would allow the agency to better utilize its programs to address the needs of declining species. Currently, the draft memorandum states that its purpose is to strengthen cooperation among NRCS, FWS, and AFWA to proactively conserve at-risk plant and animal species and their habitats. The memorandum also states that it is the intent of NRCS, FWS, and AFWA to identify and create more opportunities to work together to preempt the need to list additional species under the Endangered Species Act, foster the recovery of species already listed, and address similar needs for species that are of conservation concern to states.

Under the draft memorandum, NRCS, FWS, and AFWA would be responsible for taking individual and joint actions to more effectively meet their obligations and priorities for conserving at-risk species and their habitats. The draft memorandum stresses the importance of federal and state fish and wildlife agencies participating on USDA's state technical committees. Additionally, the draft memorandum directs NRCS to provide information to FWS and state fish and wildlife agencies about NRCS-administered programs that could assist them in meeting species' needs.

³⁶AFWA represents state fish and wildlife agencies' interests in fish and wildlife management for the 56 states and territories in the United States.

These actions and others in the draft memorandum focus on sharing information about species and habitat needs and where conservation program funds might be available to address these needs. Moreover, the draft memorandum addresses actions between NRCS and FWS to streamline regulatory processes, such as the Endangered Species Act consultation process. To help evaluate the effectiveness of the memorandum of understanding, the draft document states that NRCS, FWS, and AFWA will develop protocols for gathering data for reporting and assessing the effectiveness of conservation efforts for at-risk species and their habitats; however, the memorandum does not include any specific monitoring or reporting responsibilities. In addition, the draft memorandum does not include FSA even though CRP enrolls nearly 36 million acres of land each year. NRCS officials told us that FSA was not included in the drafting of the memorandum because adding another entity would have slowed down the development and review process. NRCS and FSA officials said they saw no reason why FSA could not be added to the agreement in the future.

While intrinsically valuable, interagency coordination is not always easy. Each agency has its own unique mission and program priorities, regulations, and organizational culture. Sometimes coordinating within an individual agency can be challenging as well. Based on literature reviews, expert interviews, and reviews of numerous coordination efforts among agencies, in an October 2005 report, we identified eight practices that help enhance and sustain collaboration.³⁷ Among the practices highlighted in the report were the need to define and articulate a common outcome; identify and address needs by leveraging resources; agree on roles and responsibilities; and develop mechanisms to monitor, evaluate, and report on the results of collaborative efforts. In the report, we pointed out that federal agencies engaging in collaborative efforts need to create the means to monitor and evaluate their efforts to enable them to identify areas for improvement. We found that reporting on these activities can provide key decision makers within the agencies, as well as clients and stakeholders, important feedback that they can use to improve both policy and operational effectiveness.

We recognize that the memorandum of understanding is still in draft form and believe that once finalized, it could contribute to better coordination for threatened, endangered, and other at-risk species. In fact, the draft

³⁷ [GAO-06-15](#).

memorandum embraces many of the actions that survey respondents highlighted as examples of successful coordination, such as using state technical committees to better implement on-the-ground conservation, sharing information, and leveraging resources. The draft memorandum also contains some of the elements that we have previously identified as being important to successful collaborative efforts. For example, the draft memorandum articulates a common outcome, defines roles and responsibilities, and discusses the need to share information in order to leverage resources as well as develop protocols to produce comparable data for reporting and assessing on their efforts. However, the draft document does not have monitoring and reporting mechanisms for ensuring that coordination takes place, including who will be responsible for monitoring and reporting, and the time frames for doing so. Without such elements, NRCS, FWS, and AFWA cannot be assured that a goal of the draft memorandum—improved coordination for the benefit of threatened, endangered, and other at-risk species—will be achieved. In particular, given that we found that successful coordination between USDA and FWS is largely driven by staff motivation, without follow-up to monitor and report on implementation status, efforts pursuant to the draft memorandum may simply maintain the status quo—those who want to coordinate will coordinate, and others will not. Furthermore, FSA is not a partner to the draft memorandum. With nearly \$1.9 billion in conservation investments and about 36 million enrolled acres, CRP—under FSA’s administration—has the potential to provide significant benefits to imperiled species.

Conclusions

The extent to which viable habitat for threatened, endangered, and other at-risk species can be established on private lands is certain to be the subject of ongoing debate within the environmental and agricultural communities and in the Congress. Because the majority of land in the United States is privately-owned, programs that encourage private landowners to implement conservation actions on their lands are critical to protecting imperiled species. USDA’s conservation programs provide billions of dollars annually to agricultural producers and others for taking steps to address a myriad of environmental and natural resource concerns, including restoring wildlife habitat. As Congress and federal agencies consider legislative and programmatic alternatives to better address at-risk species, it is essential that we understand the factors that might motivate a private landowner to choose to participate in conservation programs to benefit imperiled species. While financial incentives weigh heavy in a landowner’s decision, other factors such as fears about regulatory and paperwork burdens also play a role. Taking steps to increase landowner

participation in USDA programs, however, must be complimented by efforts to ensure that the intended benefits to species are meaningful. Moreover, improving coordination between USDA and FWS—the nation’s experts on conserving natural resources and threatened and endangered species—should help ensure that conservation program investment decisions provide the most benefit to threatened, endangered, and other at-risk species and their habitats as possible. While the draft memorandum of understanding between the two agencies is an important step toward improving coordination, without monitoring and reporting mechanisms, NRCS and FWS lack important tools for ensuring the effectiveness and sustainability of their collaborative efforts. Furthermore, the draft memorandum omits FSA, a key agency that administers CRP, the largest conservation program in the United States—and thus fails to capitalize on an opportunity to coordinate investments from this \$2 billion program to better address at-risk species and their habitats.

Recommendations for Executive Action

To enhance and sustain coordination at USDA’s and FWS’s field offices at the state and local level for the benefit of threatened, endangered, and other at-risk species, we recommend that the Secretaries of Agriculture and of the Interior:

- direct the Chief of NRCS and the Director of FWS to work with AFWA to incorporate monitoring and reporting mechanisms in their memorandum of understanding prior to finalizing it for implementation; and
- direct the Chief of NRCS, the Administrator of FSA, and the Director of FWS, in cooperation with AFWA, to include FSA as an additional partner to the memorandum or develop a separate memorandum of understanding to address coordination.

Agency Comments and Our Evaluation

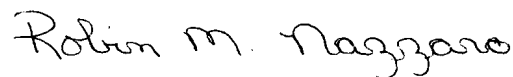
We provided a draft of this report to the Departments of the Interior and Agriculture for review and comment. Interior provided written comments (see app. II) and USDA provided oral comments. The departments generally agreed with our findings and recommendations. However, the Department of the Interior suggested that we direct our recommendations to NRCS instead of NRCS and FWS together, because our report specifically addresses USDA conservation programs and that NRCS is the lead agency in the memorandum of understanding. While we understand Interior’s position, the existing program management arrangement set forth in the draft memorandum of understanding makes it necessary to address our recommendations to both agencies. Specifically, although

NRCS initiated development of the draft memorandum, the document does not specify that NRCS is the lead agency for preparing and implementing it. Rather, USDA, FWS, and AFWA appear as co-equal parties to the memorandum. The Department of the Interior also suggested that both recommendations should recognize AFWA as a partner to the memorandum of understanding. We agree and have modified the recommendations to direct the federal agencies to work with AFWA to implement our recommendations. With respect to our second recommendation, Interior suggested allowing the agencies the option of developing a separate memorandum for addressing coordination with FSA. We have modified our recommendation to reflect this suggestion. The departments also provided technical comments that we have incorporated into the report, as appropriate.

As agreed with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies of this report to the Secretaries of Agriculture and the Interior and other interested parties. We also will make copies available to others upon request. In addition, the report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff have any questions, please call me at (202) 512-3841 or nazzaror@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributors to this report are listed in appendix IX.

Sincerely yours,



Robin M. Nazzaro
Director, Natural Resources and Environment

Appendix I: Objectives, Scope, and Methodology

The objectives of our study were to identify (1) stakeholder views on the incentives and disincentives for landowners to benefit threatened and endangered species and their habitats through participation in U.S. Department of Agriculture (USDA) conservation programs as well as suggestions for addressing disincentives to program participation, and (2) how USDA and the U.S. Fish and Wildlife Service (FWS) are coordinating their programs for the benefit of threatened and endangered species and their habitats and the factors that agency officials believe have contributed to successful coordination.

Incentives, Disincentives, and Suggestions

To identify incentives, disincentives, and suggestions to address the disincentives for participating in USDA conservation programs, we reviewed the statutes, regulations, and policies for the programs as well as other independent reviews of them. We also interviewed USDA headquarters officials to obtain information on how these programs were implemented at the national, state, and local levels. In addition, we conducted site visits in California, including Yolo and Merced counties, and Texas, including San Saba and Travis counties, to discuss state and local level implementation of the programs and to observe on-the-ground implementation of select conservation projects. We also conducted telephone surveys with USDA and soil and water conservation district officials, and private landowners.

Telephone Surveys

We conducted telephone surveys with a nonprobability sample of 157 USDA officials, soil and water conservation district officials, and landowners from 19 states (Arkansas, California, Colorado, Florida, Georgia, Hawaii, Illinois, Iowa, Massachusetts, Minnesota, Missouri, Montana, Nebraska, New Mexico, Ohio, Oklahoma, Oregon, Pennsylvania, and Washington).¹ We selected these states based on three criteria: (1) high levels of USDA conservation program allocations for the programs we reviewed, (2) high or moderate numbers of threatened and endangered species relative to other states, and (3) diversity of geographic location. Within these states, we selected at least two counties—in some cases as many as four—that had high levels of USDA conservation program obligations and had significant threatened and endangered species

¹Results from nonprobability samples cannot be used to make inferences about a population because, in a nonprobability sample, some elements of the population being studied have no chance or an unknown chance of being selected as part of the sample.

occurrences and diversity in comparison with other counties in the state. We surveyed officials in 49 counties across the 19 states.

In the different states, we surveyed (1) the state biologist or the state conservationist in USDA's Natural Resource Conservation Service (NRCS), who are responsible for helping to implement or administer many of the department's conservation programs and (2) the executive director or another state-level official in USDA's Farm Service Agency (FSA), which administers USDA's largest conservation program. In the different counties we selected, we surveyed (1) the NRCS district conservationist, the lead official for administering the agency's programs at the county level; (2) soil and water conservation district officials, who work with USDA to increase voluntary conservation practices among landowners; and (3) private landowners.² The NRCS district conservationists identified an initial list of landowners. We selected a nonprobability sample of landowners from this list using criteria to include landowners who participate in the USDA conservation programs as well as those who were eligible to participate but chose not to do so, and to reflect geographic diversity across the 19 states. In total, we interviewed 71 NRCS officials, 18 FSA officials, 44 soil and water conservation district officials, and 24 landowners. In some cases, soil and water conservation district officials were also landowners, and they responded to our questions from both perspectives.

We conducted seven pretests with officials in headquarters and the field and one landowner. After each pretest, we conducted an interview to determine whether (1) the survey questions were clear, (2) the terms used were precise, (3) the questionnaire placed an undue burden on the respondents, and (4) the questions were unbiased. On the basis of the pretests, we made appropriate revisions to the survey.

Through our telephone survey, we gathered participants' opinions about the primary incentives, disincentives, and suggestions to address the disincentives for landowners to participate in seven USDA conservation programs for the benefit of threatened and endangered species. We asked interviewees to identify the USDA conservation programs they had knowledge of, and only asked them questions relevant to those programs. The survey also included questions specifically for landowners regarding

²The respondents we identify as "landowners" also included people who rent or lease land for agricultural or livestock production.

their participation in the conservation programs. The survey asked a combination of questions that allowed for open-ended and close-ended responses. To analyze the open-ended material, we developed clear protocols for coding the content into categories. The material was independently coded by one individual and then verified by another individual.

We initially selected seven conservation programs to include in our review, based on the amount of dollars obligated to these programs and the extent to which they might offer benefits to threatened and endangered species. These were the Conservation Reserve Program, Conservation Security Program, Environmental Quality Incentives Program, Farm and Ranch Lands Protection Program, Grassland Reserve Program, Wildlife Habitat Incentives Program, and Wetlands Reserve Program. USDA confirmed that these programs were appropriate given our objectives. We dropped the responses we collected with respect to the Farm and Ranch Lands Protection Program from our analysis due to the lack of familiarity by most respondents with the program.

Coordination

To determine how USDA and FWS are coordinating for the benefit of threatened and endangered species and their habitats, and the factors that contributed to successful examples of such efforts, we included questions in the survey with respect to coordination between the two agencies that were posed to USDA officials as well as 18 FWS officials in state and regional offices in our 19-state nonprobability sample. We asked the USDA and FWS officials to comment on the quality of coordination between the agencies at varying levels of government; to provide examples of good coordination for the benefit of threatened and endangered species in their area; and to identify the factors they believed contributed to successful coordination. In addition, we also interviewed FWS and USDA officials at each agency's headquarters in Washington, D.C., about formal coordination efforts between the agencies to benefit threatened and endangered species. We also used our site visits in California and Texas to discuss these issues with USDA and FWS officials as well as meet with officials from state fish and wildlife agencies.

We performed our work between November 2005 and October 2006 in accordance with generally accepted government auditing standards.

Appendix II: Comments from the Department of the Interior



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, DC 20240



OCT 10 2006

Ms. Robin M. Nazzaro
Director, Natural Resources and Environment
U.S. Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548

Dear Ms. Nazzaro:

Thank you for providing the Department of the Interior the opportunity to review and comment on the draft U.S. Government Accountability Office report entitled, "USDA Conservation Programs: Stakeholder Views on Participation and Coordination to Benefit Threatened and Endangered Species and Their Habitats," GAO-07-35, dated September 8, 2006. In general, we agree with the findings that pertain to the U.S. Fish and Wildlife Service (Service) and the report's recommendations, as discussed below.

As correctly described in the draft report, the U.S. Department of Agriculture (USDA) Natural Resources Conservation Service (NRCS) drafted a memorandum of understanding (MOU) with the Service and the Association of Fish and Wildlife Agencies (AFWA) regarding the conservation of species at-risk. Since the GAO report specifically addresses USDA Conservation Programs, and the USDA's NRCS is the lead agency for the MOU, we believe it would be more appropriate for the Recommendations for Executive Action to indicate USDA's lead role, instead of including the U.S. Department of the Interior as a lead. We also believe it is important to recognize that the Association of Fish and Wildlife Agencies (AFWA) is a partner to the MOU and thus has a role in determining its content. Further, the second recommendation should be revised to include the option of developing a separate memorandum of understanding involving the Farm Service Agency (FSA). Therefore, we suggest that GAO modify the Recommendations for Executive Action, as follows:

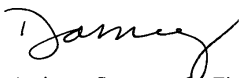
- “ • direct the Chief of NRCS to work with the Director of FWS and the Executive Vice President of AFWA, to incorporate monitoring and reporting mechanisms in their memorandum of understanding prior to finalizing it for implementation, and
- “ • direct the Chief of NRCS to work with the Administrator of FSA, the Director of FWS, and the Executive Vice President of AFWA, to include FSA as an additional partner to the memorandum or develop a separate memorandum to specifically address coordination involving FSA programs.”

The Service is working with NRCS and AFWA to address these recommendations.

2

The enclosure provides specific technical comments from the Service. We hope these comments will assist you in preparing the final report.

Sincerely,


Acting Assistant Secretary for Fish
and Wildlife and Parks

Enclosure

Appendix III: Conservation Reserve Program

Introduction

The Conservation Reserve Program (CRP) is one of the USDA's largest and most ambitious conservation efforts, with approximately 36 million acres enrolled and annual payments totaling nearly \$1.8 billion through June of 2006.¹ Administered by USDA's Farm Service Agency (FSA), CRP was established by the Food Security Act of 1985 and currently operates in all 50 states.² The purpose of CRP is to provide financial incentives to landowners to conserve and improve soil, water, air, and wildlife resources by converting land in agricultural production to less intensive uses. Program participants agree to adopt a variety of approved conservation practices such as installing structures, planting vegetation, or implementing management techniques.

The Conservation Reserve Enhancement Program (CREP) is a subprogram of CRP that is implemented on a state-by-state basis. Governors request that CREP be implemented in their state to address specific state and nationally significant agriculture-related environmental problems, and commit to providing a portion of the funds necessary to do so. Of foremost concern to CREP are issues relating to water supplies and areas around wells, wildlife species endangered by the loss of essential habitat, soil erosion, and reduced habitat for fish such as salmon.

Eligibility

In order to be eligible for CRP and CREP, a producer must have owned and operated the eligible land for at least 12 months prior to close of the CRP sign-up period; however, this requirement can be waived under certain conditions.³ In addition, the land must meet one of several criteria in order to achieve overall program goals, such as having a weighted average erosion index of eight or higher, or being located in a national or state CRP conservation priority area.⁴

¹Limits on enrolled CRP acreage have varied since the program's inception, from 45 million acres in 1985, to 36.4 million acres in 1996, to the most recent limit of 39.2 million acres.

²Pub. L. No. 99-198 § 1231, 99 Stat. 1509. CRP also operates in Puerto Rico.

³7 C.F.R. § 1410.5 defines eligible program participants, and 7 C.F.R. § 1410.6 defines land eligible for enrollment in the CRP.

⁴The erosion index is a numerical expression of the potential of a soil to erode, considering the physical and chemical properties of the soil and climatic conditions where it is located. The higher the index, the greater the investment needed to maintain the sustainability of the soil resource base if intensively cropped. Scores above eight are equated to highly erodible land.

Eligible lands include:

- cropland that is planted or considered planted to an agricultural commodity for four of the previous six crop years from 1996 to 2001, and is physically and legally capable of being planted in a normal manner to an agricultural commodity;
- certain marginal pastureland that is enrolled in the Water Bank Program or suitable for use as a riparian buffer or for similar water quality purposes;⁵ or
- currently enrolled CRP land nearing expiration of its contract.

Application Process

Farm owners and operators can apply and eventually enroll their land in CRP in two ways, through general or continuous sign-up. General sign-up generally occurs for a few weeks each year.⁶ For both general and continuous sign-up, applicants must appear at one of FSA's 2,351 offices and formally enter into a CRP contract. The contract contains information on the participant (e.g., name, address, Social Security number, and phone number) and information on the conservation practices agreed to, the acreage enrolled, and the acreage committed to each practice.

Continuous CRP sign-up, in contrast to general sign-up, is available at any time of year for owners who agree to adopt certain high-priority conservation practices. These practices include installation of filter strips, riparian buffers, grass waterways, shelterbelts, field windbreaks, living snow fences, salinity reducing vegetation, shallow water areas for wildlife, and wetland restoration. Continuous sign-up participants, like general sign-up participants, sign contracts and agree to certain stipulations in return for payments.

Enrollment in CREP occurs on a continuous basis, permitting farmers and ranchers to join the program at any time rather than waiting for specific sign-up periods. Enrollment in each state is limited to specific geographic areas and practices. A CREP project begins when a state, Indian tribe,

⁵The original purpose of the Water Bank Program was to conserve water, preserve and improve the condition of migratory waterfowl habitat and other wildlife resources, and secure other wildlife benefits through 10-year land use agreements with landowners and operators in important migratory waterfowl nesting and breeding areas.

⁶The most recent sign-up, sign-up 33, took place between March 27th and April 14th, 2006.

local government, or local nongovernmental entity identifies an agriculture-related environmental issue of state or national significance. These parties and FSA then develop a project proposal to address particular environmental issues and goals. CREP, therefore, is a partnership program among federal and state governments and other program participants, and USDA expects non-federal partners to provide commitments toward the overall cost of the program.

Selection Process

After applications are screened against program eligibility criteria, FSA program staff evaluates them using an environmental benefits index that weighs six factors: (1) wildlife habitat benefits; (2) water quality benefits from reduced erosion, runoff, and leaching; (3) on-farm benefits of reduced soil erosion; (4) enduring environmental benefits⁷; (5) air-quality benefits from reduced wind erosion; and (6) cost. FSA officials at the national level identify an environmental benefit index score cutoff value to determine which applications to accept after analyzing and ranking all eligible offers. FSA strives to ensure that, by using the index, only the most environmentally sensitive lands are selected and that all offers are considered fairly and equitably. CRP is a competitive program, therefore producers who may have met previous signup index cutoffs are not guaranteed a contract under future sign-ups. As previously noted, under continuous sign-up, all applicants that meet eligibility requirements are accepted, provided acreage limits are not exceeded.

CREP applications are selected based on the extent to which they improve water quality, erosion control, and wildlife habitat related to agricultural use in specific geographic areas, where specific environmental concerns are of a high priority.⁸ CREP applications are submitted to USDA by the governor of a state that is involved in the application, after which USDA will convene an interagency panel to review the proposal. The comments of the panel are forwarded to the state for consideration in the development of a final proposal that is set forth in a memorandum of

⁷The enduring environmental benefits factor is an evaluation of the likelihood for certain conservation practices to remain in place beyond the CRP contract period.

⁸In particular, CREP supports particular conservation initiatives such as installing filter strips and forested buffers to protect streams, lakes, and rivers from sedimentation and agricultural runoff. CREP also encourages landowners to develop and restore wetlands by planting appropriate ground cover.

agreement between the governor and the Secretary of Agriculture. As of June 2006, there were 37 CREP agreements in effect in 29 states.

Payments and Conditions

CRP contracts generally require a 10- to 15-year commitment. By signing a contract, participants agree to apply specific conservation practices on their land, to file forms needed to determine limits on payments, and to perform certain management work. USDA and the participant agree on a conservation plan that describes the vegetative or water cover to be established, completion dates, and estimated environmental benefits. Agency officials primarily rely on data provided by participants to determine compliance with the agreement, but will also make occasional spot checks of the land.

In return for implementing conservation practices, general CRP participants receive annual rental payments that average about \$48 an acre (payments vary with prevailing local rental rates, not exceeding local dryland or non-irrigated rates). In addition, participants receive cost-share payments for up to one-half the cost of implementing approved conservation practices. Furthermore, maintenance incentive payments are available where an additional amount up to \$5 per acre may be included with the annual rental payment to perform certain maintenance obligations. Additional incentives of up to 20 percent of the annual payment are available for certain continuous sign-up practices (defined below). Participants may also receive technical assistance from a handful of entities, including USDA's Natural Resources Conservation Service (NRCS), which provides technical land-eligibility determinations and advice on conservation planning and implementation techniques.

Under continuous CRP, FSA will offer annual rental payments as well as financial incentives of up to 20 percent of the soil rental rate for specific conservation practices,⁹ and an additional 10 percent can be added for land located with EPA-designated wellhead protection areas. Continuous sign-up enrollees may also receive added up-front and annual financial incentives for participation. Incentive payments to encourage practices supported by continuous sign-up can include \$100 to \$150 an acre for selected practices (depending on contract length) and single payments of

⁹These practices include installation of filter strips, riparian buffers, grass waterways, shelterbelts, field windbreaks, living snow fences, salinity reducing vegetation, shallow water areas for wildlife, and wetland restoration.

up to 40 percent for the cost of installing the practice (known as a practice incentive payment).

Like CRP, CREP contracts require a 10- to 15-year commitment to keep lands out of agricultural production. FSA uses CRP funding to pay a percentage of the program's cost, while state, tribal governments or other non-federal sources provide the balance of the funds. States and private groups involved in the effort may also provide technical support and other in-kind services. A federal annual rental rate, including an FSA state committee-determined maintenance incentive payment, is offered, plus a cost-share of up to 50 percent of the eligible costs to install the practice. Participants may also obtain 20 percent annual bonus payments, above the rental payment, for installing certain high priority practices such as certain types of filter strips or riparian buffers. Furthermore, the program generally offers a sign-up incentive for participants to install specific practices.

Summary of Selected Survey Responses

The following responses for incentives, disincentives, and suggestions for addressing disincentives to participating in USDA conservation programs for the benefit of threatened and endangered species and their habitats are those that were most frequently identified for CRP by the officials and landowners we surveyed. These responses may differ slightly than those identified in the body of this report because, in the report, we only include the responses that were identified most frequently across the majority of the six programs we reviewed.

- The most frequently identified incentives for participation in CRP included: (1) financial; (2) a personal interest in conservation; and (3) program criteria that give greater consideration to projects that directly address threatened and endangered, and other at-risk species.
- The most frequently identified disincentives for participation in CRP included: (1) limited funding for both the program and participants, (2) restrictive eligibility and participation requirements, and (3) fears about government regulations.
- Suggestions most frequently identified to address disincentives for CRP participation included: (1) increasing funding, (2) providing greater education and outreach, and (3) increasing flexibility in program eligibility and participation.

Appendix IV: Conservation Security Program

Introduction

The Conservation Security Program (CSP) was first authorized in the Farm Security and Rural Investment Act of 2002 and is administered by the USDA's Natural Resources Conservation Service (NRCS).¹ CSP is generally regarded as the most comprehensive green payments program developed in the United States, primarily because CSP promotes integrated, whole-farm planning for conservation. Similar to other USDA conservation programs, CSP provides financial and technical assistance to producers to promote conservation and the improvement of soil, water, air, energy, and plant and animal life on private and tribal agricultural lands. In contrast to the other programs, CSP provides assistance to farmers and ranchers who already meet specified standards of conservation and environmental management in their operations. CSP rewards three levels, or tiers, of conservation treatment for qualified producers who enter into CSP contracts with NRCS, and provides higher payments as landowners increase the level of conservation implemented on their lands. Although CSP is available only in selected watersheds in all 50 states, the intent is to implement the program in all watersheds by 2011.² NRCS held the first CSP sign-up in fiscal year 2004, which led to contracts covering nearly 1.9 million acres in 18 watersheds across 22 states, and about \$34.6 million in payments to landowners. In fiscal year 2005, over 9 million acres in 220 watersheds across all 50 states and Puerto Rico were covered, with payments totaling about \$171.4 million (including payments for contracts approved in 2004).³

Eligibility

CSP is available to farmers and ranchers who already meet specified standards of conservation and environmental management in their operations. To be eligible, landowners must meet several criteria including: (1) land must be private agricultural land, forested land that is an incidental part of an agricultural operation, or tribal land, with the majority of the agricultural operation located within a selected priority watershed; (2) the applicant must be in compliance with highly erodible land and wetlands provisions of the Food Security Act of 1985 and generally must have control of the land for the life of the contract; and (3)

¹The Farm Security and Rural Investment Act of 2002 amended the Food Security Act of 1985 and required the Secretary of Agriculture to establish CSP.

²CSP is also available in the Caribbean and Pacific Basin Areas.

³NRCS plans to accept CSP contract applications from eligible producers in each of the nation's 2,119 watersheds. NRCS anticipates it will take 8 years—fiscal years 2004 through 2011—to implement the program to all watersheds.

the applicant must share in the risk of producing any crop or livestock and be entitled to a share in the crop or livestock available for marketing from the operation. Lands that are enrolled in the Conservation Reserve Program, the Wetlands Reserve Program, or the Grasslands Reserve Program are not eligible for CSP.⁴

Application Process

NRCS offers periodic sign-ups in specific, priority watersheds. The agency requires producers to complete a self-assessment, which includes a description of the conservation activities on their operations, to determine their eligibility for the program. Once NRCS determines eligibility, landowners meet with local NRCS staff to discuss their application. In addition to the self-assessment, applicants must submit completed program applications, and two years of written documentation on their implementation of certain conservation actions, including fertilizer, nutrient, and pesticide application schedules, tillage, and grazing schedules, as applicable.

Selection Process

In determining which eligible CSP contract applications to accept, NRCS first determines whether an application meets the minimum requirements for one of three levels, or tiers, of conservation treatment. Once an applicant's tier level is established, NRCS uses enrollment categories to establish an applicant's eligibility for funding through CSP. To qualify for a given tier, each participant must have addressed the specified resource concerns in accordance with program regulations on part or all of their operation. For instance, tier I participants must have addressed soil and water quality resource concerns to a specified minimum level of treatment on at least part of the participant's operation prior to acceptance into the program.^{5,6} Tier II participants must meet tier I requirements on the

⁴The following land is not eligible for any payment component in CSP: land that is used for crop production after May 13, 2002 that had not been planted, considered to be planted, or devoted to crop production, as determined by NRCS, for at least 4 of the 6 years preceding May 13, 2002.

⁵Although the law required producers to address at least one resource of concern under CSP, NRCS program regulations require producers to treat at least two resources—soil and water—to be eligible for the program.

⁶Soil quality practices include crop rotations, cover crops, tillage practices, prescribed grazing, and providing adequate bind barriers. Water quality practices include conservation tillage, filter strips, terraces, grassed waterways, managed access to water courses, nutrient and pesticide management, prescribed grazing, and irrigation water management.

participant’s entire operation and must generally treat an additional resource concern by the end of the contract period. Tier III participants must have addressed all other applicable resource concerns, including wildlife habitat, to a minimum level on their entire agricultural operation prior to acceptance.⁷ Some state NRCS offices used targeted species assessment criteria, while others used general wildlife assessment criteria. According to an NRCS official, because habitat needs differ across the nation, it is not possible to develop one set of criteria that would work for the whole country and apply to all situations in determining which producers would qualify for a given tier level. Because of these differences, national guidance instructs each state to define its own minimum criteria for each of the listed wildlife resource components in the national guidance based upon the state’s own set of conditions. For example, for cropland, the national guidance identifies the amount of noncrop vegetative cover such as woodlots, wetlands, or riparian areas managed for wildlife as a component that must be addressed and instructs NRCS state offices to define the minimum percentage of noncrop vegetative cover.

In addition to these tiers, NRCS establishes enrollment categories and subcategories. For the fiscal year 2005 sign-up, five enrollment categories were used for cropland, pasture, and rangeland. For example, for cropland, the enrollment categories were defined by various levels of soil conditioning index scores and the number of stewardship practices and activities in place on the farm for at least 2 years. If an enrollment category could not be fully funded, subcategories were used to determine application funding order within a category. For the fiscal year 2005 sign-up, 12 subcategories were used, including the factor of whether the agricultural operation is in a designated area for threatened and endangered species habitat.

Payments and Conditions

Each of the three CSP tiers has a specified annual payment limit and contract period. Tier I contracts are for 5 years and provide annual payments of up to \$20,000. Tier II contracts are for 5 to 10 years and provide annual payments of up to \$35,000. Tier III contracts are also for 5

⁷Wildlife habitat could also be a factor in determining applicant eligibility for tier II. For example, to be eligible for Tier II under NRCS’s fiscal year 2005 sign-up notice, an applicant must address a third applicable resource concern—in addition to soil and water quality—by the end of the contract period. For some watersheds, NRCS identified wildlife habitat as this third resource concern.

to 10 years, but can provide annual payments of up to \$45,000. These payments may be comprised of four components: (1) an annual stewardship component for the base level of conservation treatment required for program eligibility (a payment that is calculated separately for each land use based on eligible acres, the stewardship payment rate, and other factors), (2) an annual existing practice component for the maintenance of existing conservation practices (these are calculated as a flat rate of 25 percent of the stewardship payment), (3) a one-time new practice component for additional approved practices, and (4) an annual enhancement component for additional activities that provide increased resource benefits beyond the base level and conservation treatment that is required for program eligibility.⁸ Currently under CSP, annual enhancement payments may be made for five types of activities: (1) the improvement of a significant resource concern to a condition that exceeds the requirement for the participant's tier of participation and contract requirements; (2) an improvement in a priority local resource condition, as determined by NRCS, such as water quality or wildlife; (3) participation in an on-farm conservation research, demonstration, or pilot project; (4) cooperation with other producers to implement watershed or regional resource conservation plans that involve at least 75 percent of the producers in the targeted area; and (5) implementation of assessment and evaluation activities relating to practices included in the conservation security plan, such as gathering plant samples for specific analysis.

Summary of Selected Survey Responses

The following responses for incentives, disincentives, and suggestions for addressing disincentives to participating in USDA conservation programs for the benefit of threatened and endangered species and their habitats are those that were most frequently identified for CSP by the officials and landowners we surveyed. These responses may differ slightly than those identified in the body of this report because, in the report, we only include the responses that were identified most frequently across the majority of the six programs we reviewed.

- The most frequently identified incentives for participation in CSP included: (1) financial, (2) recognition for good stewardship, and (3) a personal interest in conservation.

⁸At a minimum, all CSP contract payments include some amount for the stewardship and existing practice components. The enhancement payment and new practice component amounts may be zero in some cases.

- The most frequently identified disincentives for participation in CSP included: (1) burdensome paperwork requirements, (2) restrictive eligibility and implementation requirements, (3) fears about government regulations, and (4) limited funding for both programs and participants.
- Suggestions most frequently identified to address disincentives for CSP participation included: (1) greater education and outreach, (2) increasing funding, and (3) streamlining processes.

Appendix V: Environmental Quality Incentives Program

Introduction

The Environmental Quality Incentives Program (EQIP) is administered by USDA's NRCS and provides technical and financial assistance to farmers and ranchers to address soil, water, air, and related natural resources concerns, and encourages enhancements on lands to be made in an environmentally beneficial and cost-effective manner. NRCS provides assistance to agricultural producers in a manner that promotes agricultural production and environmental quality as compatible goals, and assists participants in complying with federal and state environmental laws. The Federal Agriculture Improvement and Reform Act of 1996 first authorized EQIP, which has been reauthorized and amended in the Farm Security and Rural Investment Act of 2002. EQIP generally focuses on five national priorities: promoting at-risk species habitat conservation; reducing non-point source pollution; conserving ground and surface water resources; reducing air emissions, such as particulate matter and nitrogen oxides; and reducing soil erosion and sedimentation.

A locally-led process adapts the national priorities to address local resource concerns and identifies which conservation practices will be eligible for financial assistance in each state. NRCS state conservationists can delegate the authority to administer parts of the program to the local level—because of this, EQIP implementation can differ between states and even between counties. Participants receive cost-share and incentive payments under contracts that last for at least one year after the practices have been implemented, and at most, for 10 years.

In fiscal year 2005, NRCS obligated more than \$794 million in financial assistance to enter into more than 49,000 EQIP contracts. Despite the sizeable allocation, an additional 33,000 applications went unfunded that year. In fiscal year 2006, NRCS obligated an estimated \$1 billion for EQIP.

Eligibility

EQIP is available in all 50 states.¹ To be eligible, applicants must be engaged in livestock or agricultural production. State and local governments are not eligible for EQIP payments. Applicants must be in compliance with the highly erodible land and wetland conservation provisions of the Food Security Act of 1985, which aim to discourage farmers from producing crops on wetlands or highly erodible land without erosion protection, and their average adjusted gross income for the preceding three years must not exceed \$2.5 million, in accordance with the

¹EQIP is also available in the Caribbean and Pacific Basin Areas.

Farm Security and Rural Investment Act of 2002.² Lands that are eligible include those where agricultural commodities or livestock are produced, including cropland; rangeland; grassland; pasture land; private, non-industrial forestland; and other land determined to pose a serious threat to soil, air, water, or related resources. Lands that are already under a Conservation Reserve Program contract are not eligible for EQIP.

Application Process

Applicants may apply for EQIP through a continuous sign-up process by submitting applications to local USDA offices. The NRCS state conservationist or designee then works with the applicant to develop an EQIP plan of operations. Applications are evaluated periodically.

Selection Process

NRCS allocates funds from the national level to NRCS state offices based on national priorities.³ NRCS's state and local offices then identify their own priority resource concerns and determine the funding allocation to be made from the state offices to local offices in each state. State and local NRCS offices select eligible conservation practices and create lists of their costs to address priority resource concerns, and then develop a ranking process to guide the selection and prioritization of applications. This locally-led process is guided by advice from the NRCS state technical committee and associated local working groups in each state. The NRCS state conservationist, or designated local conservationist, ranks each application using the locally-developed ranking process. When funds are allocated, the state conservationist or designated conservationist makes offers to those landowners whose applications ranked the highest.

Payments and Conditions

NRCS offers cost-share and incentive payments to participants in EQIP. Conservation practices that are eligible for cost-sharing are determined by NRCS with advice from state technical committees and local work groups, and may include installing filter strips, manure management facilities, caps on abandoned wells, and other activities. NRCS may provide up to 75 percent of the cost of implementing practices to program participants, and

²An exemption to this provision is provided in cases where 75 percent of the adjusted gross income is derived from farming, ranching, or forestry operations.

³GAO, *Agricultural Conservation: USDA Should Improve Its Process for Allocating Funds to States for the Environmental Quality Incentives Program*, GAO-06-969 (Washington, D.C.: Sept. 22, 2006) provides and evaluation of this process.

up to 90 percent for limited-resource and beginning farmers and ranchers. The specific cost-share rate for each practice is determined by NRCS with advice from state technical committees and local work groups. Incentive payments may be made to encourage a participant to perform certain land management practices that they might not otherwise implement, such as wildlife habitat or irrigation water management. Incentive payment rates and amounts are set by NRCS with advice from state technical committees and local work groups and may be provided for up to three years.

Summary of Selected Survey Responses

The following responses for incentives, disincentives, and suggestions for addressing disincentives to participating in USDA conservation programs for the benefit of threatened and endangered species and their habitats are those that were most frequently identified for EQIP by the officials and landowners we surveyed. These responses may differ slightly than those identified in the body of this report because, in the report, we only include the responses that were identified most frequently across the majority of the six programs we reviewed.

- The most frequently identified incentives for participation in EQIP included: (1) financial benefits; (2) program criteria that give greater consideration to projects that directly address threatened, endangered, and other at-risk species; (3) a landowner's personal interest in conservation; and (4) receiving technical assistance.
- The most frequently identified disincentives for participation in EQIP included: (1) limited funding for both the program and participants, (2) burdensome paperwork requirements, (3) fears about government regulations, (4) restrictive eligibility and participation requirements, and (5) that program implementation can hinder current or future agricultural production.
- Suggestions most frequently identified to address disincentives for EQIP participation included: (1) increasing funding, (2) providing greater education and outreach, (3) streamlining paperwork requirements, and (4) increasing flexibility in program eligibility and participation.

Appendix VI: Grassland Reserve Program

Introduction

The Grassland Reserve Program (GRP) helps landowners and operators restore and protect grassland, including rangeland, pastureland, shrub land, and certain other lands, while maintaining some grazing uses by using a combination of easement, rental, and restoration agreements. GRP emphasizes support for working grazing operations; enhancing plant and animal biodiversity; and protecting grassland and land containing shrubs and forbs under threat of conversion to cropping, urban development, and other activities. GRP is administered by USDA's NRCS and FSA, in cooperation with the USDA's Forest Service. GRP was first authorized by the Farm Security and Rural Investment Act of 2002 for up to \$254 million through fiscal year 2007, and enrollment is capped at 2 million acres.

Eligibility

To be eligible for easement agreements under GRP, landowners must show clear title to the land, while both titled landowners and other operators, such as those who rent land for agricultural production, are eligible for rental and restoration agreements. However, other operators must provide evidence that they will have control of the property for the length of a contracted agreement and have landowner concurrence. Individuals or entities that have an average adjusted gross income exceeding \$2.5 million for the three tax years immediately preceding the year the contract is approved are not eligible to receive program benefits or payments, except when 75 percent of the adjusted gross income is derived from farming, ranching, or forestry operations. To be eligible for a restoration agreement, NRCS, in consultation with the program participant, must determine if the proposed land needs restoration actions and meets program requirements.

GRP is available only for privately owned or tribal lands, and participants generally must enroll at least 40 contiguous acres under an agreement. The types of land that are eligible for enrollment include grasslands; land that contains forbs (including improved rangeland and pastureland or shrub land); or land that is located in an area that historically has been dominated by grassland, forbs, or shrubs that has the potential to serve as wildlife habitat of significant ecological value.

Application Process

Eligible landowners and operators may provide applications to either NRCS or FSA on a continuous sign-up basis. GRP offers several enrollment options: 30-year and permanent easements; 10, 15, 20, or 30-year rental agreements; and cost-share restoration agreements, which may be used in conjunction with an easement or rental agreement.

Selection Process

Each state establishes ranking criteria to prioritize the enrollment of working grasslands. The ranking criteria consider threats of conversion, including cropping, invasive species, urban development, and other activities that threaten plant and animal diversity on grazing land.

Payments and Conditions

Under GRP contracts, participants voluntarily limit future use of enrolled land while retaining the right to conduct common grazing practices. Participants can produce hay, mow, or harvest for seed production (subject to certain restrictions during the nesting season of bird species that are in significant decline or those that are protected under federal or state law); conduct fire rehabilitation; and construct firebreaks and fences. GRP contracts and easements prohibit the production of crops (other than hay), fruit trees, and vineyards that require breaking the soil surface and any other activity that would disturb the surface of the land, except for appropriate land management activities included in a conservation plan. There are several types of payment arrangements under the program.

- *Permanent Easement.* This easement applies to the enrolled land in perpetuity. Easement payments for this option equal the fair market value, less the grassland value of the land encumbered by the easement. These values are determined using an appraisal.
- *Thirty-year Easement.* USDA provides an easement payment equal to 30 percent of the fair market value of the land, less the grassland value of the land encumbered by the easement.
- *Rental Agreement.* Participants may choose a 10, 15, 20, or 30-year contract. USDA provides annual payments in an amount that is not more than 75 percent of the grazing value of the land covered by the agreement for the life of the agreement.
- *Restoration agreement.* Restoration agreements are only authorized to be used under GRP in conjunction with easements and rental agreements provided under the program. Participants are paid upon certification of the completion of the approved practice. The combined total cost-share provided by federal or state governments may not exceed 100 percent of the total actual cost of the restoration project.

Summary of Selected Survey Responses

The following responses for incentives, disincentives, and suggestions for addressing disincentives to participating in USDA conservation programs for the benefit of threatened and endangered species and their habitats are

those that were most frequently identified for GRP by the officials and landowners we surveyed. These responses may differ slightly than those identified in the body of this report because, in the report, we only include the responses that were identified most frequently across the majority of the six programs we reviewed.

- The most frequently cited incentives for participation in GRP included: (1) financial; (2) program criteria that give greater consideration to projects that directly address threatened and endangered, and other at-risk species; and (3) a personal interest in conservation.
- The most frequently cited disincentives for participation in GRP included: (1) limited funding for both the program and participants, (2) fears about government regulations, (3) restrictive eligibility and participation requirements, and (4) burdensome paperwork requirements.
- Suggestions most frequently identified to address disincentives for GRP participation included: (1) increasing funding and (2) providing greater education and outreach.

Appendix VII: Wetlands Reserve Program

Introduction

The Wetlands Reserve Program (WRP) is administered by USDA's NRCS and authorizes the agency to provide technical and financial assistance to eligible landowners to restore, enhance, and protect wetlands. WRP was first authorized under the Food, Agriculture, Conservation and Trade Act of 1990, and was later reauthorized and amended in the Farm Security and Rural Investment Act of 2002. The program has an acreage enrollment limit rather than a funding limit. The 2002 act authorized up to 2,275,000 acres to be covered under WRP and, as of September 2004, over 7,800 projects on nearly 1.5 million acres were enrolled in the program. WRP is available in all 50 States and the District of Columbia.¹

Eligibility

To be eligible for WRP, land must be capable of restoring wetland functioning and be able to provide wildlife benefits. Eligible types of lands include farmed wetlands, riparian areas, lands adjacent to protected wetlands that contribute significantly to wetland functions and values, and previously restored wetlands that need long-term protection. Lands that are expressly ineligible for funding under WRP include lands converted to wetlands after December 23, 1985; lands with timber stands established under a Conservation Reserve Program contract; federal lands; and lands where conditions make restoration impossible.

In general, to be eligible for funding under GRP, landowners must have owned the land for at least 12 months prior to enrolling it in the program (unless the land was inherited), exercised the landowner's right of redemption after foreclosure, or, if the land was purchased within 12 months of a WRP application, must have proven that the land was not obtained for the purpose of enrolling it in the program. Individuals or entities that have an average adjusted gross income exceeding \$2.5 million for the three tax years immediately preceding the year a WRP contract is approved are not eligible to receive program benefits or payments under the program unless at least 75 percent of the adjusted gross income is derived from farming, ranching, or forestry operations.

Application Process

Landowners may file an application for a conservation easement or a cost-share restoration agreement with USDA under WRP at any time. Applications can be filed in person at a USDA office or electronically, and applicants must have a copy of the easement deed and other forms

¹WRP is also available in 6 trust territories.

necessary for the transfer of land rights. USDA carries out activities associated with recording the easement in the local land records office, including recording fees, charges for abstracts, survey and appraisal fees, and title insurance.

Selection Process

NRCS evaluates each application and makes site visits to assess a proposed project's technical and biological merits. The applications are ranked according to criteria based on broad national guidelines. NRCS state offices make decisions about which applications to accept. NRCS state conservationists have the authority to accept projects outside of this ranking process if they occur in "special project" areas, such as specific geographic areas that the state conservationist has identified. This enables NRCS to fund wetlands projects in areas that have been determined important for wetland restoration activities, regardless of individual application ranking scores.

Payment and Conditions

Under WRP contracts, participants voluntarily limit future use of enrolled land while retaining ownership. There are several types of payment arrangements under the program.

Permanent Easement. This is a conservation easement in perpetuity. Payments for permanent easements are done annually and are equal to whichever is lower—the agricultural value of the land, an established payment cap, or an amount offered by the landowner. In addition to paying for the easement, USDA pays 100 percent of the costs of restoring wetland functioning.

30-Year Easement. Easement payments through this option are up to 75 percent of what would be paid for a permanent easement, including up to 75 percent of restoration costs.

Restoration Cost-Share Agreement. Under this type of agreement, landowners commit to restoring degraded or lost wetland habitat, generally for a minimum of 10 years, without signing an easement agreement. USDA pays up to 75 percent of the cost of the restoration activity.

Summary of Selected Survey Responses

The following responses for incentives, disincentives, and suggestions for addressing disincentives to participating in USDA conservation programs for the benefit of threatened and endangered species and their habitats are those that were most frequently identified for WRP by the officials and landowners we surveyed. These responses may differ slightly than those identified in the body of this report because, in the report, we only include the responses that were identified most frequently across the majority of the six programs we reviewed.

- The most frequently cited incentives for participation in WRP included: (1) financial; (2) a personal interest in conservation; and (3) program criteria that give greater consideration to projects that directly address threatened and endangered, and other at-risk species.
- The most frequently cited disincentives for participation in WRP included: (1) burdensome paperwork requirements, (2) fears about government regulations, (3) limited funding for both the program and participants, (4) restrictive eligibility and implementation requirements, (5) potential for participation in the program to hinder current and/or future agricultural production, and (6) length of the required contract.
- Suggestions most frequently identified to address disincentives for WRP participation included: (1) increasing funding, (2) providing greater education and outreach, and (3) increasing flexibility in program eligibility and participation.

Appendix VIII: Wildlife Habitat Incentives Program

Introduction

The Federal Agricultural Improvement and Reform Act of 1996 authorized USDA's NRCS to work with landowners to develop wildlife habitat on their property through the Wildlife Habitat Incentives Program (WHIP).¹ Through WHIP contracts, NRCS provides technical advice and financial assistance—through cost sharing on conservation projects—to landowners and others to develop upland, wetland, riparian, and aquatic habitat areas on their property. Although the primary purpose of WHIP is wildlife habitat development and enhancement, practices installed as a result of WHIP funding are often beneficial to farming and ranching such as actions to control invasive species, stabilize streambanks, and re-establish native vegetation. In fiscal year 2005, USDA provided more than \$34.3 million in financial assistance, and enrolled approximately 458,000 acres in over 3,300 WHIP agreements. WHIP participants may also receive financial and other assistance from other entities such as state and local government agencies, conservation districts, and private organizations. In fiscal year 2005, partners contributed almost \$10 million to help WHIP participants establish wildlife practices on enrolled lands.

Eligibility

WHIP is available in all 50 states.² To be eligible, an entity must own or have control of the land that is to be enrolled in the program for the duration of the contract. Lands may be privately owned; federally owned, if the primary benefit of the proposed project will be to private or tribal land; tribal land; or, in some cases, state and locally owned land. Lands that are already enrolled in some of the other USDA conservation programs are generally not eligible for WHIP.

Application Process

Applicants may apply for WHIP at any time, through a continuous sign-up process.

Selection Process

NRCS selects applications based on criteria that are developed pursuant to each state's WHIP implementation plan, which identifies wildlife habitat needs, and national priorities. NRCS state offices develop these plans with assistance from their respective state technical committees. Ranking criteria give priority to projects that will protect habitat or species of national or regional significance, or address needs in a state's WHIP plan.

¹WHIP was reauthorized in 2002 by the Farm Security and Rural Investment Act of 2002.

²WHIP is also available in the Caribbean and Pacific Basin Areas.

If land is determined to be eligible, NRCS also places an emphasis on enrolling land in habitat areas where wildlife species are experiencing declines or have significantly reduced populations, and where state and local partners and Indian Tribes have identified important wildlife and fishery needs. NRCS also emphasizes projects that include practices that are beneficial to fish and wildlife, but may not otherwise be funded.

Payments and Conditions

NRCS provides cost-share payments to landowners that are generally between 5 and 10 years in length depending on the practices installed.³ NRCS provides these payments to landowners who agree to adopt certain conservation practices, including land management practices (e.g., timber stand improvement to improve forest health); vegetation practices (e.g., planting native grasses to provide wildlife habitat); and structural practices (e.g., fencing to keep livestock out of streams). NRCS may provide up to 75 percent of the cost of installing practices. NRCS will provide greater cost-share payments for landowners that sign 15-year contracts and undertake habitat development practices on essential plant and animal habitat. Partners, including public agencies, nonprofit organizations and others, may also assist through providing cost-share dollars, supplying equipment, or installing practices for the participants.

Summary of Selected Survey Responses

The following responses for incentives, disincentives, and suggestions for addressing disincentives to participating in USDA conservation programs for the benefit of threatened and endangered species and their habitats are those that were most frequently identified for WHIP by the officials and landowners we surveyed. These responses may differ slightly than those identified in the body of this report because, in the report, we only include the responses that were identified most frequently across the majority of the six programs we reviewed.

- The most frequently identified incentives for participation in WHIP included: (1) financial, (2) a personal interest in conservation, (3) program criteria that give greater consideration to projects that directly address threatened and endangered species and other at-risk species, and (4) the

³Shorter-term agreements are available for installing practices needed in situations where wildlife habitat is threatened as a result of a disaster and emergency measures are necessary to address the potential for dramatic declines in one or more wildlife populations.

ability to receive technical assistance.

- The most frequently identified disincentives for participation in WHIP included: (1) limited funding for both the program and participants, (2) fears about government regulations, (3) burdensome paperwork requirements, and (4) restrictive eligibility and implementation requirements.
- Suggestions most frequently identified to address disincentives for WHIP participation included: (1) increasing funding and (2) providing greater education and outreach.

Appendix IX: GAO Contact and Staff Acknowledgments

GAO Contact

Trish McClure, (202) 512-6318

Staff Acknowledgments

In addition to the individual named above, Ulana Bihun, John Delicath, John Johnson, Richard Johnson, Jean McSween, Leslie Pollock, and Aaron Shiffrin made key contributions to this report.

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