

## POST CONSERVATION RESERVE PROGRAM ALTERNATIVES FOR PUTNAM COUNTY MISSOURI

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Northern Missouri experienced a heavy sign-up for the Conservation Reserve Program (CRP). Several counties had enrollments which amounted to 20-25 percent of eligible land. Enrollments of this magnitude had a pronounced effect on local economies. If there is no continuation of the CRP program, land that is presently idled by the program may return to production. The potential for more agricultural production or alternative use of the land raises possibilities for reversing the economic decline of the area.

Much needs to be known about the plans which landowners have for their land after CRP if an accurate appraisal of development opportunities is to be conducted. This paper reports on the results of a survey of the CRP landowners in Putnam County, Missouri. Putnam County was selected for case study analysis because (1) its agriculture is typical of much of northern Missouri; (2) it had a high level of CRP enrollment; and (3) it has an active economic development program.

### Agricultural Characteristics

Putnam County, Missouri is located in the north central part of the state. The northern border of the county is the Missouri/Iowa line. The county's topography consists mostly of rolling hills. Much of the land is wooded. Row crop production occurs primarily in creek and river bottoms.

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Agricultural production is heavily cattle oriented. In 1991 there were about 51,000 head of cattle (99 percent beef).<sup>1</sup> Hay production was the principal crop with 54,700 acres harvested. Row crop production totaled 24,900 acres. Fifty-five percent of the row crop land was in soybeans.

### Characteristics of Putnam County CRP Land Ownership

To date, 28,673 acres of Putnam County cropland have been enrolled in the CRP. Most of the enrollment took place in the first nine sign-ups (26,024). Because there was a two-year gap between the ninth and tenth sign-up, and the program changed slightly, the survey reported in this paper was based on the first nine sign-ups.

Two hundred forty-nine contracts cover the first nine CRP sign-ups in Putnam County. There are 185 farms that have at least a portion of their land in CRP.<sup>2</sup> Individual CRP tracts range from two to more than a thousand acres. The average CRP owner has 140 acres in the program.

### Characteristics of Farming Practices of Putnam County CRP Landowners

All persons who owned land in Putnam County on which there was a CRP contract received a questionnaire. Sixty-three percent of the landowners responded. All but seven of the questionnaires were used in compiling the results reported in this paper. Their ownership totaled 62 percent of the Putnam County CRP land. Sixty percent of the respondents lived within Putnam County or within 15 miles of the county's borders. Of the remaining 40 percent, half lived in Missouri and half had out of state mailing addresses.

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<sup>1</sup>Missouri Agricultural Statistics Service, "1992 Missouri Farm Facts," p. 43.

<sup>2</sup>There are multiple contracts on some farms because owners added land to the program during more than one sign-up period.

### Farming Practices

Half of the respondents had all of their cropland in the CRP program. Land ownership for the respondents consisted of:

Land in CRP	16,168 acres
Other cropland	10,866 acres
Pasture land	22,041 acres
Woods	6,493 acres
Hay	6,493 acres
Other	<u>1,387</u> acres
Total Land	62,200 acres

Fifty-eight percent of the owners continued with some farm operations while they had land in CRP. Nearly half of this group (46 percent) had both crop and livestock operations. Thirty percent only row cropped, while 24 percent had only livestock operations.

### Farming Conservation Practices

Holders of Putnam County CRP contracts owned or operated 17,200 crop acres (10,900 acres in row crops and 6,300 acres in hay) that were not in CRP. On this acreage they used a variety of conservation practices. The most commonly used method was no-tillage, Table 1.

### Vegetative Cover on CRP Ground

Cool season grasses were the first choice for cover on CRP land in Putnam County (54 percent). The next choice was a grass/legume mix (40 percent). Only two farms used warm season grasses exclusively. Four others used some warm season grasses in combination with other cover. Five farms used trees, or a tree/grass combination.

Table 1. Conservation Practices Used by Owners of CRP Land on Land They are Presently Farming

Practice	Number of Owners	Acres
No-tilling	18	5,012
Terraces	4	454
Reduced Tillage	3	170
Crop Rotation	15	3,103

Table 2. Post-CRP Plans of Putnam County Landowners with CRP Contracts (Assuming No Follow-up or Extension of CRP)

Activity	Percent of CRP Land	Percent of Landowners <sup>1</sup>
Maintain in grass or trees without haying/grazing	2.7	6.9
Use as pasture or hay for livestock	41.2	55.6
Resume row crop production	55.0	52.1
Other	1.1	4.3

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<sup>1</sup>Because of multiple use on some farms, this column totals to more than 100 percent.

## Post-CRP Choices

### A. No Continuation of CRP

Given the assumption that there would be no follow-up to the CRP, most owners expect to return their land to production, Table 2. More than half of the land will be in row crops.

#### Extension of CRP

Owners were asked to identify the dollars per acre per year which would be required for them to continue their present contracts. Seventy-seven responded to a question about a five year extension and 79 percent responded to a question about a 10 year extension. For a five year extension, the responses ranged from \$50 to \$120. Most responses were between \$60 and \$65 dollars. For a ten year extension, the responses ranged between \$45 and \$130, Table 3.

The second question asked concerning post-CRP was: Assuming that you could preserve your cropland base while using the land which is presently in CRP for haying and grazing, would you anticipate leaving the land in vegetative cover? Fifty-nine percent answered yes. The acres that they would commit to this activity totaled only 8,942 (34 percent of the CRP land). This potential option attracted primarily land owners who controlled less than average sized CRP acreages.

A final "what if" question also concerned livestock usage of land which is presently in CRP. The question was: If you were allowed "unrestricted" haying and grazing privileges, how many of your current CRP acres would you leave in vegetative cover at the following levels of annual payments -- \$50/acre, \$30/acre, and \$10/acre? Sixty-five percent of the owners indicated interest in this option. At the \$50 level, 9,496 (36 percent of CRP land) might be placed in haying or grazing use. Only 23 percent would be interested at the \$30 level. At \$10 per acre there was essentially no interest in this option.

Table 3. Dollars Required for CRP Extension

Dollars Per Acre Per Year	5 Year Extension <sup>1</sup> (Percent)	10 Year Extension <sup>2</sup> (Percent)
≤ 50	8.8	6.4
51-55	7.6	11.6
56-60	10.1	7.8
61-65	35.6	31.3
66-70	12.6	13.0
70-75	17.7	9.1
80 ≥	7.6	20.8

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<sup>1</sup>Based on the 79 owners who responded.

<sup>2</sup>Based on the 77 owners who responded.

### Post-CRP Livestock Production<sup>3</sup>

After a ten year absence from productive use, a number of improvements may be necessary if land which is presently in CRP is to be used for livestock operations. Those owners who indicated that their land would be used for haying or grazing reported that they would expect a variety of problems, Table 4.

Putting land which is presently in CRP back into livestock production may provide service opportunities for area businesses. In response to an inquiry about their need for hired services, CRP owners indicated they would hire services for fence building (53 percent) and developing water supply (42 percent). Little additional need for hired services was identified.

Purchases for livestock production inputs will be made if land presently in CRP returns to livestock production. In all categories of livestock supplies, owners indicated a very strong preference for local purchase, Table 5. When it comes time to sell livestock produce on land which is presently in CRP, local buyers will be used only 67 percent of the time. The remaining 33 percent expect to sell to out-of-county buyers.

### Post-CRP Crop Production

Fifty-two percent of the owners expected to return a part or all of their land which is presently in CRP to row crop production at the end of their contract. Only two had tentative plans to sell their land at the end of the contract. About half (51 percent) of those planning to row crop plan for this to be a permanent land use. Thirty percent plan to row crop for a limited time as part of establishing a different type of vegetative cover.

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<sup>3</sup>This section is based on reported intentions under the assumption that there would be no extension or renewal of the CRP program.

Table 4. Problems Owners Anticipate in Returning Land Presently in CRP to Livestock Production<sup>1</sup>

Problem	Percent of Owners
a. Fences to Build	68
b. Providing Water Source	43
c. Building for Hay	31
d. Building for Livestock	26
e. Wrong Kind of Vegetative Cover	3
f. Inadequate Grass Stand	11
g. Weed Problems	8

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<sup>1</sup>Percent based on the number of owners who responded to each item.

a.	44/65	e.	2/65
b.	28/65	f.	7/65
c.	20/65	g.	5/65
d.	17/65		

**Table 5. Expected Purchase Location for Livestock Supplies  
by CRP Owners Who Plan Return to Livestock<sup>1</sup>**

Product	Purchase Location	
	Local (%)	Out of County (%)
a. Feed	94	6
b. Health Products	88	12
c. Livestock Equipment	84	16

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<sup>1</sup>Percent based on the number of owners who responded to each item.

- a. 50/65
- b. 48/65
- c. 42/65

Seventy-five percent of the owners returning to row crop production expect to meet conservation compliance requirements. They will use a combination of practices to meet requirements, Table 6.

Future crop farming on land which is presently in CRP will be done by the owners on nearly half of the farms, Table 7.

Owners anticipate few problems in getting land which is presently in CRP back into crop production after contracts expire. Acquiring no-till minimum tillage equipment was cited by 14 owners as a potential problem.

A few farmers will need the services of land moving contractors. Since minimum tillage will be a new practice for many, there will be a role for education service on production practices. Thirty percent of the owners cited this need.

Very few respondents to the survey indicated an intention to purchase equipment to crop farm land which is presently in CRP. The only item of equipment cited by more than five owners was planting equipment (16 percent).

As with anticipated livestock operations, nearly all owners expected to purchase crop production inputs from local suppliers. This response was consistent across all types of inputs, Table 8.

After the CRP program, marketing services utilized by owners of land which is presently in CRP will be from local sources, Table 9.

### Summary

All landowners of land which is under Conservation Reserve Program (CRP) contract (contracts 1-9) in Putnam County, Missouri, were surveyed to determine their post-CRP plans. Sixty-three percent of the owners responded.

**Table 6. Conservation Practices which Owners of  
CRP Land Expect to Use to Meet Conservation  
Compliance Requirements<sup>1</sup>**

Practice	Percent of Owners <sup>2</sup>
Terraces	3.2
Contour without Terraces	6.5
Conservative Tillage or Residual Management	18.0
No-till or Ridge Till	49.2
Grass/Legume Rotations	26.2
Other	3.2

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<sup>1</sup>Based on the owners who expect to meet conservation compliance requirements (75 percent of respondents).

<sup>2</sup>Total exceeds 100 percent because of multiple practice usage.

**Table 7. Operator Plans for Row-Crop Production  
After CRP Contracts Expire**

<b>Type</b>	<b>Percent</b>
<b>Owner/Operator</b>	<b>47.5</b>
<b>Tenant in Shares</b>	<b>31.1</b>
<b>Hired Custom Farmer</b>	<b>9.8</b>
<b>Don't Know</b>	<b>11.4</b>

Table 8. Expected Purchase Location for Crop Supplies  
by CRP Owners who Plan to Return to Crop Production<sup>1</sup>

Product	Local Suppliers (%)	Out-of-County Suppliers (%)	Local & Outside (%)
Crop Consulting	96	0	4
Fertilizers	94	4	2
Spreading Services	94	0	6
Seed	90	4	6
Chemicals	96	0	4
Application Services	94	2	4

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<sup>1</sup>Percent based on the number of owners who responded to each item:

- |    |       |    |       |
|----|-------|----|-------|
| a. | 28/61 | d. | 51/61 |
| b. | 54/61 | e. | 48/61 |
| c. | 49/61 | f. | 49/61 |

**Table 9. Expected Location of Marketing Services  
to be Utilized after CRP Contracts Expire<sup>1</sup>**

<b>Service</b>	<b>Local Suppliers (%)</b>	<b>Out-of-County Suppliers (%)</b>	<b>Local &amp; Outside (%)</b>
<b>Buyers</b>	85	5	10
<b>Haulers</b>	94	0	6
<b>Storage</b>	96	0	4

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<sup>1</sup>Percent based on the number of owners who responded to each item.

- a. 39/61
- b. 36/61
- c. 25/61

If there is no continuation or extension of the CRP program, most land in Putnam County will return to agricultural production. Livestock operations will use 41 percent. Fifty-five percent is expected to be used for crop production.

Most owners are now receiving payment of \$65 per acre per year for CRP land in Putnam County. This level of payment was the most commonly cited for continuing the program. There were substantial numbers of owners who would accept less. At least a third, however, indicated it would take a payment of greater than \$66 for them to extend the program.

If land presently in CRP returns to livestock production, there will be some demand for services necessary to prepare for production. Most owners expect that future production will rely primarily on local sources for farm input and will use local services when marketing their production.