

HARD CHOICES LOOM

As farms exit conservation program

Photos by E.J. Harris/EO Media Group

More than 50,000 acres are set to expire from the Conservation Reserve Program across Oregon's Umatilla, Morrow and Sherman counties.

By **GEORGE PLAVERN**
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PENDELTON, Ore. — It was about a year ago when Pendleton farmer Henry Lorenzen learned, much to his surprise and disappointment, that a portion of his land would not be re-enrolled in the federal Conservation Reserve Program.

As a third-generation wheat grower with 4,000 acres west of town, Lorenzen remembers hearing “horror stories” from his father about dust storms that would sweep across the fields, eroding soil and kicking up a dusty haze that reached all the way to Interstate 84.

Not only did the gusts cause some very serious traffic problems — like the 1999 pileup on I-84 that killed six people and injured 27 others — but created significant farm management and environmental issues as well.

“You lose topsoil, and ultimately you lose productivity,” Lorenzen said.

The Conservation Reserve Program, or CRP, was established in 1985 to help protect vulnerable areas. Administered by the Farm Service Agency under the U.S. Department of Agriculture, CRP is essentially a rental agreement between the government and landowners where a portion of farmland is taken out of production and planted in native grasses, which in turn helps protect against erosion, increase wildlife habitat and improve water quality.

General CRP contracts run for 10-15 years, with payments averaging around \$45 to \$65 per acre. Land enrolled tends to be less suitable for growing crops, and is scored by the feds based on a number of environmental criteria, known as the Environmental Benefit Index.

The program, however, was slashed in the 2014 Farm Bill, which lowered the national enrollment cap from 32 million acres to 24 million acres. A report by the Congressional Research Service indicated the reduction would save \$3.3 billion over the next 10 years.

More than 50,000 acres are set to expire from CRP later this year across Umatilla, Morrow and Sherman counties in Eastern Oregon, and that is forcing landowners to make some difficult decisions about what to do next. They could get it back into farming, though the low price of wheat may make it difficult to turn profit. They could try to sell the land, but without a steady stream of revenue, the value may not be nearly what it was.

For Lorenzen, the situation is less dire. Only a small portion of his farm was enrolled in CRP, and he has already managed to lease half of that ground to another farmer.

The real challenge, Lorenzen said, is for people who retired and put their entire property in CRP. Given the market conditions, it will be an uphill struggle to find growers



Large swaths of Stage Gulch near Interstate 84 are currently in the Conservation Reserve Program.

willing to take on substantially more acres.

In Sherman County, growers were to meet Friday to discuss their options moving forward. Meanwhile, Lorenzen also worries about worsening erosion along I-84.

“It’s going to be a significantly changed environment,” he said.

Simple math

Umatilla County has 143,994 acres enrolled in the program, along with 110,913 acres in Morrow County and 78,800 in Sherman County, according to figures provided by the Farm Service Agency.

To satisfy the shrinking cap, all three counties will see 13-18 percent of those acres expire by the end of the fiscal year Oct. 1 — including 21,456 in Umatilla County, 20,122 in Morrow County and 10,794 in Sherman County.

Taylor Murray, conservation specialist with the Farm Service Agency state office in Tualatin, said there was no general CRP sign-up this year and he does not expect one will be held for the foreseeable future.

There is a subset of CRP, called the Highly Erodible Land Initiative, that still has room under the cap, though Murray said the criteria for enrollment are much more strict, leaving many farmers on the outside looking in.

“I do firmly believe that, going forward, the process is going to be much more competitive,” Murray said.

Murray is cautiously optimistic that the new USDA administration, led by Agriculture Secretary Sonny Perdue, could allocate another half-million acres nationwide for general CRP.

“We could definitely get a piece of that,” Murray said.

Until then, local growers are crunching the numbers to determine their best course of action.

Bill Jepsen, who farms wheat about 14

miles south Ione, has figured out the equation. As of Wednesday, soft white wheat was selling at \$4.86 per bushel. For southern Morrow County growers, they pay an additional 70 cents per bushel to ship the grain west, putting the net price at \$4.16.

Assuming an average yield of 45 bushels per acre, that’s \$187.20 per acre on a crop that’s grown once every other year — given the region’s summer-fallow rotation. Now, a typical lease agreement divvies the receipts up one-third for landowners, and two-thirds for farmers. That leaves \$56.16 per acre to the landowner every other year.

Compare that to CRP, where a landowner may make up to \$65 per acre every year, and it’s not difficult to see where the economic advantage lies.

“It’s pretty simple math,” Jepsen said. “The lease won’t compare to CRP.”

Don Wysocki, extension soil scientist for Oregon State University, said negotiating those leases will be the biggest point of contention for farmers looking ahead.

“Do you really want to take on more land with the price of wheat, is the question,” Wysocki said.

Land values

Murray, with the Farm Service Agency, said he’s heard of people try to sell land instead of putting it back into farm production. But that poses its own set of economic challenges.

Todd Longgood, a broker with the Whitney Land Co. in Pendleton, said the issue of declining CRP acreage is having an appreciable effect on land values. Three or four years ago, Longgood said, CRP ground was trading at an all-time high, around \$1,000 to \$1,300 per acre. Now, it has fallen to around \$500 to \$700 per acre.

“Today, we’re seeing a drastic decrease in the land values,” Longgood said.

There is still demand for the high-pro-

ducing agricultural land, Longgood explained. But without the steady income that CRP provided for less productive acres, sellers are being forced to adjust their asking price.

While there hasn’t been a market glut yet, Jim Whitney, the owner and president of the Whitney Land Co., said there is a “very real possibility” they could become oversupplied with CRP land depending on how landowners react.

“It makes no sense to put more ground into wheat right now,” Whitney said.

There are other natural attributes that could make expired CRP land attractive to potential buyers. Some farmers may consider using the ground for growing organic crops, since it hasn’t been sprayed with chemicals in over a decade. Any springs or water sources could provide flexibility to convert the land to cattle pasture.

Wildlife and recreational opportunities are also a big plus, Whitney added.

“People pay a lot of money for recreation today,” he said.

Though the market is cyclical, Longgood said the conditions now have lent themselves to a perfect storm.

“There’s still demand for (land). It just has to be priced adequately,” Longgood said.

Being picky

Eric Orem, a Morrow County wheat grower who farms primarily on leased ground, said that while CRP is a good tool, he was never a big fan of the program and felt it took opportunities away from younger farmers.

“If you look back in the mid-’70s, there were 270 to 280 farmers and now there’s about 75 or 80,” Orem said. “A big chunk of that was ground put into CRP.”

With more land available, Orem said more farmers could get the chance to start working, which would benefit communities economically.

As opposed to CRP payments going to landowners who may not even live in the county, growers will be out hiring employees spending money at local farm equipment dealers.

But he acknowledged that is easier said than done with today’s wheat prices, not to mention the high up-front cost of putting CRP ground back into production.

“Those are really tough grasses to kill,” he said. “It takes a lot of heavy tillage to get it worked out. Then, what you find there are almost no nutrients left in the soil.” Orem said he expects farmers will be picky if they decide to take on more leased land, especially on ground that may already be marginal at best.

Murray said he realizes the difficulties growers are facing, while adding the Farm Service Agency is doing everything it can to advocate for more acres in the program.

“There will be some hard decisions, for sure,” Murray said.

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