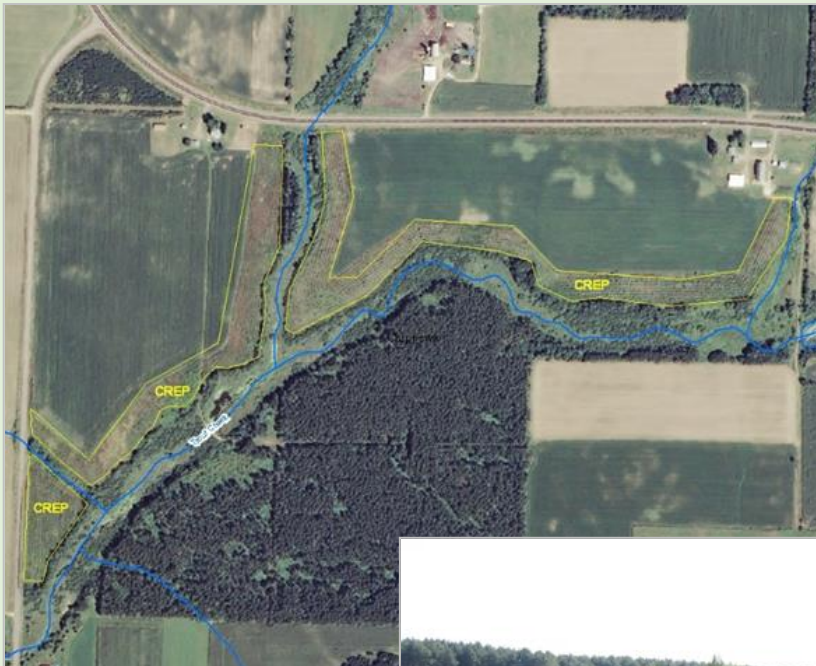


WISCONSIN Conservation Reserve Enhancement Program



2015

**ANNUAL
REPORT**



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INTRODUCTION

Wisconsin's CREP is a cooperative effort with the USDA Farm Service Agency (FSA) and Natural Resources Conservation Service (NRCS); the Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP) and Wisconsin Department of Natural Resources (DNR); Wisconsin counties primarily through county land conservation committees (LCC), along with private land owners. Wisconsin's Conservation Reserve Enhancement Program (CREP) was signed into effect by the USDA Secretary on October 26, 2001 and continues to allow "new enrollments subject to the availability of funds, so long as there is statutory authority for such enrollments."

CREP was available in 2015 in portions or all of 52 counties in Wisconsin. (Exhibit 1) The goal is to enroll acreage into filter strips, riparian buffers, grassed waterways, wildlife habitat buffers, wetland restorations and grassland habitat to improve water quality and grassland habitat for wildlife. Landowners within the CREP project area have the option to enroll their land into either a 15-year agreement or a perpetual conservation easement. DATCP estimates about 350,000 acres of farmland may be eligible for enrollment in CREP. Under the provisions of the current CREP agreement with FSA, the program aims to enroll 75,000 acres into agreements and 25,000 acres into perpetual conservation easements for a total of 100,000 acres.

Wisconsin CREP has four different project areas: Riparian, Southern Grassland, Northern Grassland, and Lake Superior. The goal of the Riparian project area is to enroll 85,000 acres of conservation practices including 5,000 acres within the Lake Superior Project Area. In the 730,000 acre Southern and Northern grassland project areas, Wisconsin has a goal of entering 15,000 acres of grassland habitat for endangered grassland birds in addition to improving water quality.

The 2014 Farm Bill was passed on February 7, 2014, which included provisions for continuing CREP. On June 9, 2014, USDA provided authority for CREP sign-ups to again be accepted at the Federal level until September 30, 2018. The State of Wisconsin also continued at that time to implement CREP as it is defined in the existing agreement with USDA.

ENROLLMENT AND STATE PAYMENTS

Wisconsin's combined Federal, State and County CREP partners have contributed toward meeting the project's goals. Table A outlines the progress made, based on acres offered into the program, as reported by FSA on October 1, 2015 compared with October 1, 2014 and October 1, 2013. Overall, about 45% of the 100,000 acre goal is currently enrolled by landowners into CREP.

TABLE A: Wisconsin Acres Offered into CREP (acres By Year)

	Maximum Allowed or Goal	Enrolled or In Process October 1, 2013	Enrolled or In Process October 1, 2014	Enrolled or In Process October 1, 2015
Total of all practices	100,000	43,793	44,051	44,578
Grassland Projects	15,000	11,658	11,604	11,714
Riparian Buffers	75,000	28,971	29,046	29,429
Lk Superior Buffers	5,000	132	132	132
Wetland Restoration	5,000	3,032	3,269	3,303

Based on FSA October 1, 2013, October 1, 2014, and October 1, 2015 report on acres offered for CREP

Table B reports on the State's cumulative payments made for the previous 3 years. As of October 1, 2015, Wisconsin has paid a total of about \$13.1 million to 4,298 landowners on about 46,600 acres. These payments include paying \$11.2 million for the state's incentive payments and \$1.9 million for the state's 20% share of practice payments along with other costs including the title searches and recording fees for CREP easements. Of the originally enrolled acres about 1,900 acres have been bought out and removed from CREP on the State side.

The State of Wisconsin and counties have completed and paid on 437 easements covering 6,800 acres at a cost of \$6.1 million for state payments. The acres enrolled in perpetual conservation easements is 15% of the total acres enrolled into CREP. The goal is to enroll 25% of the maximum allowable acreage (25,000 acres) into CREP state or county perpetual conservation easements. (Table B) Also, several new easements are currently in progress for 2016.

TABLE B: Wisconsin Progress Report CREP State Payments

	Goal or Estimate	Acres (% of Goal) and \$\$ Paid Out (# of Payments) October 1, 2013	Acres (% of Goal) and \$\$ Paid Out (# of Payments) October 1, 2014	Acres (% of Goal) and \$\$ Paid Out (# of Payments) October 1, 2015
Perpetual Easements Incentive Payments	25,000 acres \$26.4 million	6,483 (25.9%) \$6,022,414 (434)	6,483 (25.9%) \$6,022,414 (434)	6,807 (27.2%) \$6,089,362 (437)
15-year Agreements Incentive Payments	75,000 acres \$10 million	38,134 (50.8%) \$4,737,602 (3,512)	39,445 (52.6%) \$5,046,725 (3,675)	39,804 (53.1%) \$5,100,939 (3,837)
Total State Incentive Payment	100,000 acres \$36.4 million	44,617 (44.6%) \$10,760,016 (3,946)	45,928 (45.9%) \$11,069,139 (4,110)	46,611 (46.6%) \$11,190,302 (4,274)
Total State Practice Payment *	\$ 3.6 million	\$1,928,645 (53.6%)	\$1,934,979 (53.8%)	\$1,937,749 (53.8%)
TOTAL *	\$40 million	\$12,688,662 (3,946)	\$13,004,118 (4,110)	\$13,128,051 (4,274)

Based on DATCP October 1, 2013, October 1, 2014, and October 1, 2015 reports on state payments for CREP

** Also includes payments for title searches, recording fees, costs to monument easements and other CREP costs*

TOTAL STATE IMPLEMENTATION COSTS

The State has authorized \$28 million in available funding for the CREP program, which has been estimated to be adequate funding for the state commitment on the 100,000 acre CREP goal. As of October 1, 2015, the State of Wisconsin paid a total of \$13.1 million in state funds for CREP. (Table B) In addition to the state CREP incentive and practice payments, counties reported that they spent \$2.66 million in staff and other local costs to implement CREP locally. These costs included non-federal staff costs, and other local costs to administer and implement CREP. Since inception, total state and local costs for CREP have totaled \$15.8 million. These funds have leveraged over \$100 million in federal funds that will be paid out over the life of the project (federal contracts are for 15 years).

The location of CREP enrolled land is shown on the map in Exhibit 1, which provides the location of the 15-year agreements and perpetual conservation easements by 1/4, 1/4 section.

ENVIRONMENTAL GOALS

Since the beginning of the program through October 1, 2015 Wisconsin CREP made further progress toward meeting its environmental goals. Approximately 46% of the 100,000 eligible acres have been enrolled with FSA and paid the state's incentive payments. The State calculates that enrolling these lands into CREP and installing the conservation practices (Appendix A) will result in the following cumulative environmental benefits:

- 1,542 miles of stream or shoreline adequately buffered (42% of the 3,700 mile goal)
- 145,015 pounds of phosphorus annually reduced in runoff (24% of the 610,000 pound goal)
- 76,965 pounds of nitrogen annually reduced from runoff (25% of the 305,000 pound goal)
- 71,234 tons of sediment annually reduced from runoff (21% of the 335,000 ton goal)
- 11,609 acres grass established in grassland project areas (77% of the 15,000 acre goal)

Table C summarizes progress toward meeting the CREP environmental goals of the past 3 years.

TABLE C: Wisconsin Progress Report CREP Environmental Goals

	Goal	Accomplishments 10/1/2013	Accomplishments 10/1/2014	Accomplishments 10/1/2015	% of Goal
Miles of Stream or Shoreline Buffered	3,700 miles	1,494 miles	1,519 miles	1,524 miles	42%
Pounds of Phosphorus	610,000 pounds	140,367 pounds	142,649 pounds	145,015 pounds	24%
Pounds of Nitrogen	305,000 pounds	74,458 pounds	75,701 pounds	76,965 pounds	25%
Tons of Sediment	335,000 tons	69,058 tons	70,237 tons	71,234 tons	21%
Grassland Acres in Grassland Project Areas	15,000 acres	11,512 acres	11,597 acres	11,609 acres	77%

Based on DATCP October 1, 2013; October 1, 2014; and October 1, 2015 Environmental Benefit Reports

ANNUAL CREP ACTIVITIES REVIEW

The 2014 Farm Bill continues CREP until September 30, 2018, and State level CREP partners continue to support the program, working with counties to help producers and private landowners enroll their land. Enrollment for 2015 in CREP was available for the remainder of the year. Program enrollment since 2006 has maintained an enrollment rate averaging 1,000 acres annually and around 10 acres per contract. During the 2015 federal fiscal year (October 1, 2014 to September 30, 2015) the State processed 76 new CREP agreements covering 926 acres. Of the new agreements, 882 acres were enrolled under 15 year agreements and 44 acres under CREP easements. Although the State and Federal enrollment number typically match, there is a brief period between the Federal CREP application enrollment and the State enrollment. Often agreements are finalized on the Federal side of CREP close to the end of the federal fiscal year and subsequently are often processed by DATCP after the federal fiscal year; consequently, these agreements are reported on the next fiscal year by the State.

Several record keeping efforts were undertaken in 2015 for CREP at the State which affected the overall State reported numbers of agreements and acres. Common Land Unit (CLU) adjustment records reported by FSA dating back several years were entered into the State CREP database. Over 100 agreements had CLU adjustments with the majority decreasing the overall agreement acreages. The State also caught up on a backlog of CREP landowner transfers. Transfers are often only for a portion of the original agreement, which results in an additional agreement record in addition to the continuation of the initial agreement. This will be reflected in the overall number of agreements reported but does not indicate new acres enrolled in CREP. In 2015, 116 Agreement transfers were processed of which about 90 were partial transfers. Additionally, records for several CREP easements that were terminated in order for the landowner to enroll the same land in the Wetlands Reserve Program were adjusted in the database to now count them as once having been enrolled acres on which the State paid. Although there are only a handful of these situations over the past years, these were large contracts that covered around 280 acres.

County land conservation departments are the state's agents for CREP at the local level and CREP activity in Wisconsin corresponds with the amount of promotion it gets from the local offices. Many counties participating in CREP have seen turnover in staff over the past years. As a result, the State put on several training sessions in 2015 around the State for new county staff with CREP responsibilities. The training is focused on helping county staff understand CREP, where it can be applied on the agricultural landscape, the application process, and the County/State CREP responsibilities. CREP participation by counties is purely voluntary and no appropriation of funds directed to counties for CREP implementation from either state or federal sources. Although partner counties have committed to work on CREP enrollments once received, the level of promotion of CREP from their office is discretionary and variable.

State and County CREP partners took steps to promote the program and improve the application process this year. The State developed an online training video for county level staff which provides a basic overview of CREP. The training video is published on the State CREP website. State CREP staff were guest presenters at the CRP Summit held in Iowa County, Wisconsin. Participants included staff from local FSA, NRCS, State, and County offices as well as non-profits and private landowners in the southwest part of Wisconsin. The presentation included an

overview of CREP, the current status of CREP in Wisconsin, and upcoming issues and opportunities for CREP partners. Additionally, DATCP developed and published new State fillable and self-calculating CREP forms to help speed up the application process for county staff and landowners. Also, in an effort to promote CREP locally, County partners wrote articles announcing CREP enrollment continuation for local newsletters and papers. According to the 2015 FSA summary report, out of 32 participating states Wisconsin's CREP program remains 6th in total number of CREP agreements and 11th in total acres enrolled.

As existing agreements mature the workload of maintaining CREP agreements continues to build. These tasks include tracking landowner transfers, processing buyouts, monitoring agreements and easements, and answering questions from landowners. To date a total of just under 1,900 acres that had been entered in the CREP program have been bought out and removed from CREP on the State side.

POLICY

The first of the original CREP agreements for Wisconsin CREP will expire in 2016. There are 513 CREP Agreements covering 5,905 acres with Federal CRP-1's scheduled to expire in September, 2016. Of these, 454 CREP agreements on 4,710 acres will expire unless the current landowners reenroll. The remaining 59 agreements on 1,194 acres are CREP perpetual easements which will continue under the conservation practice provisions defined under the easement. Originally, the State made over 800 payments totaling around \$700,000 on the agreements expiring in 2016. The State is prepared to continue CREP on the expiring agreements and provide further incentive payments. Although the reenrollment option is assumed, the State-Federal CREP Agreement for Wisconsin does not provide specific provisions for reenrollment. A draft amendment to the existing State-Federal Agreement that includes provisions for CREP reenrollment was submitted in October, 2015 by Wisconsin FSA and DATCP to FSA National for consideration. The status is still pending as of the date of this report, but the goal is to have the amendment in place prior to March, 2016 when reenrollment can begin per CRP directives.

In 2015, CREP partners worked to resolve issues with notifying landowners of the State responsibilities of CREP when an agreement is terminated on the Federal side of the program. County partners reported several instances where landowners thought they had been released from CREP, but still had the State side of the CREP agreement in place. In these situations FSA had terminated the CRP-1 for these CREP agreements, however, notifications to the landowners had not indicated that the landowners needed to also absolve the State CREP agreement. These instances were occurring when CRP-1 were terminated due to a number of factors including death of a spouse/owner, buyout request, or termination by FSA due to compliance issues. FSA does not always require the landowner to payback federal funds provided by CREP. On the State side, however, if a CREP agreement is terminated prior to the expiration date, the State requires full payback of all State funds with no exceptions. To resolve the issue, the FSA State office agreed to update the Notice of Termination letter and Succession Option letter from FSA offices to landowners to include the following statement "However, you are still required to follow any remaining associated State CREP contracts that remain in effect until subsequently

terminated.” Additionally, the FSA State office notified the local offices of the change and instructed them to notify landowners of the State responsibilities that go along with CREP when an agreement is terminated.

MONITORING

Monitoring activities are performed by both State and County CREP staff. Farm visits are done regularly by County Conservation Department staff. As part of their visit, if issues with a CREP site are noted, it is addressed with the landowner by either the State or County. The goal is to work with the landowner to bring the site back into compliance with the approved conservation plan.

CREP IMPLEMENTATION TEAM

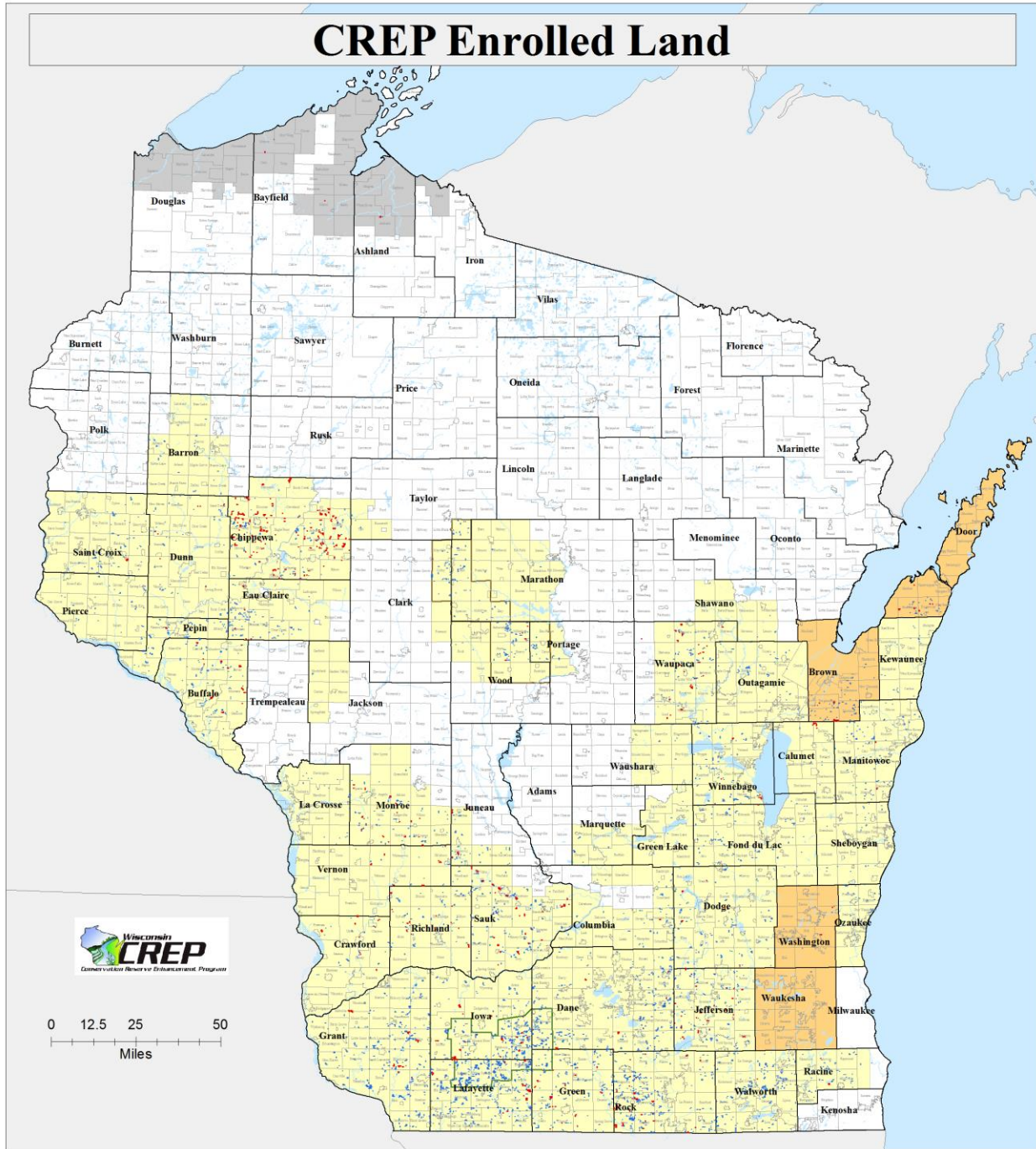
DATCP created the CREP implementation team in late 2001. The team includes representatives of agricultural and producer groups; conservation and environmental organizations; and representatives of local, state, and federal agencies working with CREP. Appendix B lists the CREP Implementation Team members and the organization they represent. The team is periodically updated on issues related to CREP to keep them apprised of issues and changes to the program. The team will likely convene again in 2016 to discuss the details of the Farm Bill pertaining to CREP, the amendment to CREP, and details related to reenrollment.

FUTURE CREP ACTIVITIES

Several items are being considered by DATCP and CREP partners for the upcoming years. These include:



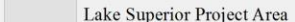

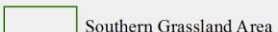
- Amending the current Federal-State CREP Agreement to include 1) reenrollment provisions, 2) extend the CREP eligible area in Juneau, Adams, Monroe, Sauk and Columbia counties to include several more townships, and 3) add CP-42 Pollinator Habitat conservation practice as an eligible CREP practice within the Riparian and Grassland CREP Project Areas.
- Coordinate reenrollment with Federal, State and County partners. Including efforts to contact landowners, process agreement documents, and site visits.
- Initiate and coordinate an effort to offer landowners currently enrolled in CREP 15-year agreements an opportunity to convert their agreement to an easement, particularly agreements with CP21, CP22 and CP23 conservation practices.
- Convene the CREP Implementation Team to discuss the details and potential implications of amending the Federal-State CREP Agreement.
- Update CREP Implementation Team members to reflect changes in organization personnel.

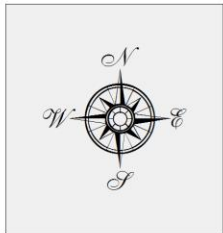
Exhibit 1 – CREP PROJECT MAP



* Locational data indicated by Township, Range, Section to the centroid of the nearest Quarter-Quarter Section.

Last Updated: 12/01/2015
 Mapped By: WI DATCP / BCL

	15 Year Agreement*		Riparian Project Area
	Perpetual Easement*		Lake Superior Project Area
	County Boundary		Northern Grassland Area
	State-Co CREP Contract Lapsed		Southern Grassland Area



APPENDIX A

CONSERVATION RESERVE ENHANCEMENT PROGRAM (CREP) PRACTICES AND STATE PAYMENTS

ELIGIBLE CREP PRACTICES:

In all CREP Project Areas

- CP8A - Grassed Waterways
- CP21 - Filter Strips
- CP22 - Riparian Buffer
- CP23 and CP23A- Wetland Restoration
- CP29 - Marginal Pastureland Wildlife Habitat Buffer

Only in the CREP Grassland Project Area

- CP1 - Establishment of Permanent Introduced Grasses
- CP2 - Establishment of Permanent Native Grasses
- CP10 - Grass Already Established
- CP25 - Rare and Declining Habitat: Prairie Ecosystem Restoration and Tallgrass Prairie/Oak Savanna and Savanna Ecosystem Restoration

Only in the CREP Lake Superior Project Area

- CP30 - Marginal Pastureland Wetland Buffer

CREP PAYMENTS FROM THE STATE OF WISCONSIN:

Incentive Payments

The State of Wisconsin, through Counties, will pay eligible landowners 1.5 times the annual rental rate, for land enrolled in 15-year agreements (2.5 times in the Lake Superior CREP); and 12.0 times the annual rental rate (24 times in the Lake Superior CREP) for lands enrolled in perpetual conservation easements. The annual rental rate used to calculate the state payment is determined by the USDA Farm Service Agency for the federal portion of CREP and does not include any additional incentives, maintenance payments, or other payments made by USDA for CREP.

Practice Payments

The State of Wisconsin, through Counties, will pay eligible landowners a practice payment of 20% of the total eligible costs to install or construct the CREP practices. The total eligible practice costs are determined by the USDA Farm Service Agency as part of the federal portion of CREP.

APPENDIX B

CREP IMPLEMENTATION TEAM

Mr. Dave Ladd	Conservation Congress	Dodgeville	WI
Mr. Doug Fendry	Pheasants Forever	Middleton	WI
Mr. Richard Gorder	Farm Bureau	Mineral Point	WI
Mr. Bob Oleson	Wisconsin Corn Growers	Palmyra	WI
Mr. Jim Kruger	Professional Dairy Producers	Westfield	WI
Mr. Jim Hebbe	Green Lake County LCD	Green Lake	WI
Mr. Andy Holschbach	Ozaukee County LCD	Port Washington	WI
Mr. Mike Dahlby	Chippewa County LCD	Chippewa Falls	WI
Mr. Kevin Connors	Dane County LCD	Madison	WI
Mr. Jim Baumann	DNR	Madison	WI
Mr. Scott Walter	DNR	Madison	WI
Mr. Rick Klemme	UW – Extension	Madison	WI
Ms. Susan Butler	USDA – FSA	Madison	WI
Mr. Ned Johnson	USDA – FSA	Dodgeville	WI
Mr. Tom Schneider	USDA – FSA	Manitowoc	WI
Mr. Pat Murphy	USDA – NRCS	Madison	WI
Mr. Todd Mau	USDA – NRCS	Alma	WI
Mr. Kurt Waterstradt	U.S. Fish & Wildlife Service	Madison	WI
Mr. Jim Vanden Brook	WLWCA	Madison	WI