



Highlights of [GAO-07-1054](#), a report to congressional requesters

Why GAO Did This Study

The nation's remaining grassland has several important benefits, such as providing land for grazing and wildlife habitat for many at-risk species. However, over the past 3 centuries about half of the grassland has been converted to other uses, principally cropland. In addition to losing important grassland values, such conversions may result in increased spending on federal farm programs, such as crop insurance, especially in marginal areas. GAO examined (1) the extent of grassland conversions to cropland and the cost of farm program payments for these newly converted cropland acres; (2) the relative importance of farm program payments versus other factors in producers' decisions to convert grassland to cropland; and (3) any impact the Sodbuster conservation provision—which places soil erosion standards on certain converted land—has had on limiting grassland conversions.

What GAO Recommends

GAO recommends that the U.S. Department of Agriculture (USDA) (1) track the annual conversion of native grassland to cropland to provide policymakers with more comprehensive and current information on such conversions and (2) study the extent to which farm program payments and conservation programs may be working at cross purposes and report findings to the Congress. USDA agreed with GAO's findings and recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-07-1054.

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

AGRICULTURAL CONSERVATION

Farm Program Payments Are an Important Factor in Landowners' Decisions to Convert Grassland to Cropland

What GAO Found

No comprehensive and current source of information exists on the conversion of grassland to cropland or on the resulting farm program payments for newly converted land. However, the data that are available show a decline in private grassland nationwide, continuing conversion of native grassland to cropland in some areas of the country, and that certain farm program payments made to producers in South Dakota counties with relatively high rates of conversion were significantly higher than payments in other counties. According to USDA's National Resources Inventory, the nation's privately owned grassland decreased by almost 25 million acres between 1982 and 2003. While some conversions are attributable to development and other land uses, the leading type of conversion has been to cropland. Our analysis of South Dakota counties found that between 1997 and 2006, the average annual net crop insurance payment per acre for the 16 counties with the highest rates of conversion was nearly twice as high as the average payment for all other counties in the state.

Farm program payments are an important factor in producers' decisions on whether to convert grassland to cropland. Certainly other factors, including rising crop prices—largely spurred by increased ethanol demand—and the emergence of genetically modified crops and new farming techniques that make cropping on heretofore unsuitable land possible are also important in producers' decisions. Specifically, our analysis found that farm program payments are an important factor in conversions. Several economic studies have reached the same conclusion. For example, a 2006 USDA study found that increases in crop insurance subsidies motivated producers to expand cropland in the contiguous 48 states by an estimated 2.5 million acres in the mid-1990s. Moreover, farm program payments and conservation programs may be working at cross purposes with one another. For example, from 1982 to 1997, 1.69 million acres of cropland in South Dakota were enrolled in the Conservation Reserve Program, while during the same period, 1.82 million acres of grassland in South Dakota were converted to cropland.

The Sodbuster conservation provision has had little impact on conversions. For certain cropland converted from native grassland and classified as highly erodible, Sodbuster requires that producers apply a soil conservation system that does not allow a substantial increase in erosion as a condition to receiving certain farm program payments. However, much of the native grassland converted in recent years is not highly erodible and therefore is not subject to Sodbuster. In addition, according to county-level USDA officials, the cost of controlling soil erosion relative to potential profits from cultivating the land provides little disincentive to conversion. USDA has proposed legislation to make newly converted native grassland ineligible for program benefits.