U.S. Department of Agriculture
Office of Inspector General

Eligibility of Conservation Reserve Program Climate-Smart Practice Incentive Payments

October 2024

Inspection Report 03801-0001-41

Eligibility of Conservation Reserve Program Climate-Smart Practice Incentive Payments

Inspection Report 03801-0001-41

OIG reviewed whether Conservation Reserve Program recipients who received Climate-Smart Practice Incentive payments in FY 2023 were eligible for the incentive.

OBJECTIVE

Our objective was to determine whether CRP recipients who received Climate-Smart Practice Incentive payments in fiscal year 2023 were eligible for the incentive.

REVIEWED

We reviewed CRP recipient eligibility and payments for the Climate-Smart Practice Incentive program in fiscal year 2023, as well as the agency's process for determining the per-acre national maximum payment rate limitations for CRP.

RECOMMENDS

We recommend FSA develop and implement a formal policy outlining the agency's process for assessing the per-acre national maximum payment rate limitations for CRP to determine if revisions are needed.

WHAT OIG FOUND

The Farm Service Agency (FSA) oversees several voluntary conservation-related programs. One conservation program that FSA administers is the Conservation Reserve Program (CRP), which is a voluntary program where FSA contracts with producers so that environmentally sensitive agricultural land is not farmed or ranched but instead devoted to conservation benefits. In April 2021, the United States Department of Agriculture (USDA) announced new incentives to increase CRP enrollment and a more targeted focus on the program's role in climate change mitigation. In June 2021, FSA implemented the new Climate-Smart Practice Incentive, an incentive payment provided annually to eligible CRP recipients. The Climate-Smart Practice Incentive for CRP general and continuous signups aimed to increase carbon sequestration and reduce greenhouse gas emissions by encouraging landowners to establish trees and permanent grasses, develop wildlife habitat, and restore wetlands. To be eligible for a Climate-Smart Practice Incentive payment, the following requirements must be met: (1) producer must be eligible; (2) required documentation is completed; (3) the land being offered into CRP must be eligible; and (4) the practice being implemented must be eligible for the incentive payment.

The Office of Inspector General found that FSA properly issued CRP Climate-Smart Practice Incentive payments in accordance with eligibility criteria for our sample and properly limited Climate-Smart Practice Incentive payments when they would surpass the established per-acre national maximum payment rate limitations. However, the agency did not establish a formal policy that outlined its process when the per-acre national maximum payment rate limitations for CRP were being reviewed to determine if rates needed to be revised. Without a formal policy in place outlining FSA's process for reviewing the per-acre national maximum payment rate limitations to determine if the rates need to be revised, the agency risks inconsistency in its approach to analyzing the rates and providing incomplete information to USDA officials who establish the rate limitations.

FSA officials agreed with our finding and recommendation, and we accepted management decision for the recommendation in the report.

OFFICE OF INSPECTOR GENERAL
United States Department of Agriculture

DATE: October 8, 2024

INSPECTION NUMBER: 03801-0001-41

TO: Zach Ducheneaux
Administrator
Farm Service Agency

ATTN: Gary Weishaar
Branch Chief
External Audits and Investigations Division

FROM: Janet Sorensen
Assistant Inspector General for Audit

JANET SORENSEN
Digitally signed by JANET SORENSEN
Date: 2024.10.08 11:58:15 -05'00'

SUBJECT: Eligibility of Conservation Reserve Program Climate-Smart Practice Incentive Payments

This report presents the results of our inspection of Eligibility of Conservation Reserve Program Climate-Smart Practice Incentive Payments. Your written response to the official draft is included in its entirety at the end of the report. Based on your written response, we are accepting management decision for the recommendation in the report, and no further response to this office is necessary.

In accordance with Departmental Regulation 1720-1, final action needs to be taken within 1 year of the date of each management decision. Please follow your internal agency procedures in forwarding final action correspondence to the Office of the Chief Financial Officer.

We appreciate the courtesies and cooperation extended to us by members of your staff during our fieldwork and subsequent discussions. This report contains publicly available information and will be posted in its entirety to our website (https://usdaoig.oversight.gov) in the near future.

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Background and Objective

Background

The mission of the United States Department of Agriculture's (USDA) Farm Service Agency (FSA) is to equitably serve all farmers, ranchers, and agricultural partners through the delivery of effective, efficient agricultural programs for all Americans. As part of this mission, FSA oversees a number of voluntary conservation-related programs. These programs work to address a large number of farming and ranching-related conservation issues. One conservation program that FSA administers is the Conservation Reserve Program (CRP).[1]

CRP is one of the largest private-lands conservation programs in the United States and was originally authorized by the Food Security Act of 1985.[2] The Agricultural Act of 2014 (i.e., the 2014 Farm Bill)[3] first authorized Grasslands CRP. All forms of CRP were reauthorized by the Agriculture Improvement Act of 2018 (i.e., the 2018 Farm Bill).[4]

CRP is a voluntary program where FSA contracts with producers so that environmentally sensitive agricultural land is not farmed or ranched but instead devoted to conservation benefits. CRP producers establish long-term, resource-conserving plant species, such as approved grasses or trees (known as "covers") to control soil erosion, improve water quality, and develop wildlife habitat. As a result, FSA provides producers with annual rental payments. The duration of the CRP contracts range between 10 and 15 years. The long-term goal of CRP is to reestablish valuable land cover to help improve water quality, prevent soil erosion, and reduce the loss of wildlife habitat.

CRP enrolls land through general signups, continuous signups, and grasslands signups. The enrollment periods and the factors for selection vary based on the signup.

In April 2021, USDA announced new incentives to increase CRP enrollment and a more targeted focus on the program's role in climate change mitigation.

In June 2021, FSA implemented the new Climate-Smart Practice Incentive, an incentive payment provided annually to eligible CRP recipients.

The Climate-Smart Practice Incentive for CRP general and continuous signups aimed to increase carbon sequestration and reduce greenhouse gas emissions, while the goal of the incentive for CRP Grasslands was to protect grasslands and legumes.

[1] The program is administered by FSA on behalf of USDA's Commodity Credit Corporation.
[2] Food Security Act of 1985, Pub. L. No. 99-198, 99 Stat. 1509.
[3] Agricultural Act of 2014, Pub. L. No. 113-79, 128 Stat. 713. Grasslands CRP was first authorized by the 2014 Farm Bill.
[4] Agriculture Improvement Act of 2018, Pub. L. No. 115-334, 132 Stat. 4530.

In addition, FSA calculates incentives based on the estimated benefits of each practice.[5]

Since 2021, FSA's implementation of CRP improvements has resulted in a 21 percent increase in the number of acres enrolled in the program.

As of December 2023, total CRP enrollment had more than 24.7 million acres enrolled.[6]

Practices are broken down into the following three types in terms of the Climate-Smart Practice Incentive: (1) Woody Biomass; (2) Grass and Legumes; and (3) Grass. Each of these types has a corresponding incentive percentage based on the estimated benefits of the practice type:

Figure 1: Practice type and amount of Climate-Smart Practice Incentive percentage. Figure by the Office of Inspector General (OIG).

The Climate-Smart Practice Incentive payment[7] is a percentage of the weighted average soil rental rate (WASRR).[8] Certain practice types, such as Permanent Wildlife Habitat Corridors are

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[5] As defined in USDA FSA, *Agricultural Resource Conservation Program,* 2-CRP (Revision 6) Amendment 8 (Feb. 2023), a *practice* means a "conservation, wildlife habitat, or water quality measure with appropriate operations and management as agreed to in the conservation plan to accomplish the desired program objectives… as a part of a conservation management system." Examples include tree planting and establishment of permanent native grass.
[6] Section 1231(d)(1) of the Food Security Act of 1985 was amended by the 2018 Farm Bill to include statutory maximums in terms of total acreage allowed to be enrolled in CRP with a maximum of 27 million acres in FY 2023.
[7] The Climate-Smart Practice Incentive payment is not a separate payment. It is part of the annual rental payment made by FSA to the producer.
[8] FSA calculates the WASRR, which is calculated for each offer using the acreage and soil rental rate's (SRR) of the three predominant soils on the land offered for enrollment. SRR's are soil-specific estimates of dryland cropland rental rates used to set maximum annual payment rates for CRP cropland offers and contracts.

not eligible to receive a Climate-Smart Practice Incentive payment. Likewise, the Conservation Reserve Enhancement Program (CREP), a part of the CRP that leverages Federal and non-federal funds to target specific State, regional, or nationally significant conservation concerns, is also not eligible for a Climate-Smart Practice Incentive payment.

To be eligible for a Climate-Smart Practice Incentive payment the following requirements must be met, as outlined in Figure 2:

Figure 2. Climate-Smart Practice Incentive Payment Eligibility.[9] Figure by OIG.

Being an eligible producer includes requirements, such as whether the producer met the adjusted gross income (AGI) limitation.[10] Documentation requirements include the producer having an approved conservation plan, which describes the activities required to solve identified natural

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[9] The producer eligibility and land eligibility requirements are the same for CRP as they are for the Climate-Smart Practice Incentive payment. That is, if a producer is eligible for CRP, then they are eligible to receive a Climate-Smart Practice Incentive payment, as long as the practice being implemented is eligible.
[10] According to USDA FSA, *Agricultural Resource Conservation Program,* 2-CRP (Revision 6) Amendment 8 (Feb. 2023), a person or legal entity with an average AGI above $900,000 is ineligible for a payment.

resource concerns. Land eligibility requirements include the cropland being planted for an agricultural commodity during the required period. Eligible practices, such as the establishment of permanent native grass or a riparian buffer, and the corresponding Climate-Smart Practice Incentive percentages are outlined in agency guidance.[11]

The FSA County Office is responsible for determining if all producer and land eligibility requirements are fulfilled. Once the FSA County Office determines the land and producer eligibility requirements have been met, and the CRP practice to be implemented is an eligible practice, the WASRR and incentives are calculated, including the Climate-Smart Practice Incentive. The Climate-Smart Practice Incentive payment is automatically generated based on information entered in the agency's information system.[12]

The 2018 Farm Bill provides the option to limit the per-acre national maximum payment rates, which could limit the amount of incentives, including the Climate-Smart Practice Incentive, paid to producers.[13] The per-acre national maximum payment rate limitation is the maximum amount per acre that is authorized to be paid to a producer and was first implemented over 20 years ago.[14] According to FSA, per-acre national maximum payment rate limitations were implemented due to concerns about CRP potentially making it more difficult for beginner farmers to access land and to address cost concerns.

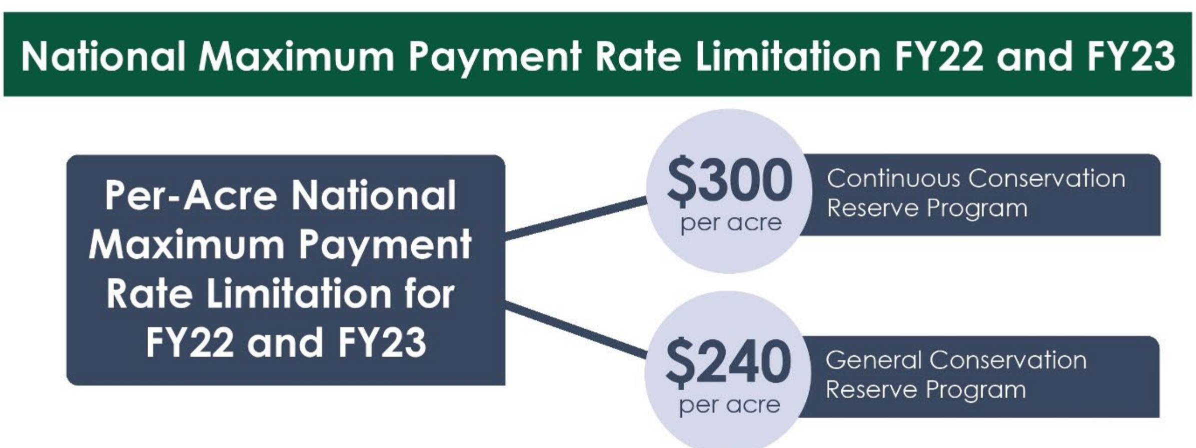

Figure 3: Per-Acre National Maximum Payment Rate Limitation for fiscal years (FYs) 2022 and 2023. Figure by OIG.[15]

[11] USDA FSA, *Agricultural Resource Conservation Program,* 2-CRP (Revision 6) Amendment 8, (Feb. 2023).
[12] The Conservation Online System generates the amount and percentage of the Climate-Smart Practice Incentive payment.
[13] Section 1234(d)(1) of the Food Security Act of 1985 was amended by the 2018 Farm Bill to provide the opportunity to limit the per-acre maximum payment rates to producers.
[14] The per-acre national maximum payment rate limitation includes the WASRR and available incentives, except for the Practice Incentive Payment (PIP) and Sign-Up Incentive Payment (SIP). PIP is an incentive payment paid to producers for installing practices enrolled in Continuous CRP, while SIP is a one-time incentive payment made to eligible producers that enroll land devoted to an eligible continuous CRP practice.
[15] Grasslands CRP did not have a per-acre national maximum payment rate limitation in FYs 2022 and 2023.

Objective

Our objective was to determine whether CRP recipients who received Climate-Smart Practice Incentive payments in FY 2023 were eligible for the incentive.

Finding 1: FSA Did Not Have a Formal Policy for Assessing the Per-Acre National Maximum Payment Rate Limitations

We determined that FSA properly issued CRP Climate-Smart Practice Incentive payments to eligible producers in our sample[16] and properly limited Climate-Smart Practice Incentive payments in four contracts from our sample so that producers would not exceed the per-acre national maximum payment rate limitations.[17] However, we found the agency did not establish a formal policy outlining its process that assessed the per-acre national maximum payment rate limitations for CRP to determine if revisions were needed. Instead, the agency relied on an informal process for providing analysis and recommendations related to the per-acre national maximum payment rate limitations. This occurred because Departmental requests for an assessment of whether revisions were needed were sporadic in terms of frequency. Without a formal policy in place outlining FSA's process for assessing the per-acre national maximum payment rate limitations to determine if they need to be revised, the agency risks inconsistency in its approach to analyzing the rates and providing incomplete information to USDA officials who establish the per-acre national maximum payment rate limitations.

The 2018 Farm Bill[18] states, "In determining the amount of annual rental payments to be paid . . . the Secretary shall consider . . . such other factors as the Secretary determines to be appropriate." Pursuant to this provision, USDA determined that establishing a per-acre national maximum payment rate limitation is an appropriate consideration for determining annual rental payment amounts. The 2018 Farm Bill does not specify the process to be used when establishing a per-acre national maximum rental payment rate limitation, nor does it specify how often the rates should be revised or new rates established. A Departmental Regulation[19] requires management to establish, maintain, and strengthen accountability and systems of internal controls. Further, the Government Accountability Office's (GAO) Green Book requires management to document in policies the internal control responsibilities of the organization.[20]

FSA's Process for Assessing the Per-Acre National Maximum Payment Rate

We found that FSA did not have a formal policy that outlined its process for reviewing the per-acre national maximum payment rate limitations for CRP to determine if they needed to be

[16] We non-statistically reviewed 20 CRP contracts which included 16 Continuous CRP contracts (2 of these contracts were CREP) and 4 General CRP contracts. Our non-statistical sample did not include Grasslands CRP contracts.

[17] For the other CRP contracts we reviewed, the Climate-Smart Practice Incentive payments were not reduced because the per-acre national maximum rental payment rate limitations were not exceeded.

[18] Agriculture Improvement Act of 2018, Pub. L. No. 115-334, § 2207, 132 Stat. 4547 (codified at 16 U.S.C. § 3834(d)(1)(C)). Section 1234(d)(1) of The Food Security Act of 1985 was amended by the 2018 Farm Bill to say "In determining the amount of annual rental payments to be paid owners and operators for converting highly erodible cropland or other eligible lands normally devoted to the production of an agricultural commodity to less intensive use, the Secretary shall consider—(A) the amount necessary to encourage owners or operators of highly erodible cropland or other eligible lands to participate in the program established by this subpart; (B) the impact on the local farmland rental market; and (C) such other factors as the Secretary determines to be appropriate."

[19] USDA Departmental Regulation 1110-002, *Management's Responsibility for Internal Control* (Mar. 5, 2021).

[20] GAO*, Standards for Internal Control in the Federal Government*, GAO-14-704G ¶ 12.02 (Sept. 2014).

modified. The agency provides analysis, options, and recommendations related to the per-acre national maximum rental payment rate limitations when requested by USDA officials who establish these rates.[21] Agency officials stated that they have performed analysis the last two fiscal years, but that the frequency and nature of the requests have historically varied. Additionally, agency officials explained that they conduct analysis when they are directed to by the appropriate officials and provide a recommendation on what the per-acre national maximum payment rate limitations should be to appropriate Department officials. To conduct the analysis, FSA officials relied on their expertise and experience within the program, as well as the direction they received from Department officials, rather than a formal policy. Moreover, there is no requirement for FSA to review the per-acre national maximum payment rate limitations on a regular basis.

Additionally, the National Agricultural Statistics Service (NASS) conducts a county-level survey every year in all States, except Alaska, that provides the basis for the county estimates of rent paid, which are generally the foundation for the county average rental rates and are released annually in August.[22] In FY 2022, FSA used the information from this survey to determine the impact of the per-acre national maximum rental payment rate limitations on CRP and make recommendations on any needed adjustments to Department officials. Incorporating a regular review of this information from NASS and determining the impact of the per-acre national maximum rental payment rate limitations on CRP, as well as formally documenting the process to do so, would enhance the transparency and strengthen accountability as described in the Departmental Regulation.[23]

Furthermore, during our discussions, agency officials explained that there were a variety of reasons for not developing a formal policy, including the authority to set the per-acre national maximum payment rate limitations residing with the Secretary; requests for analysis and recommendations being inconsistent over the years in terms of frequency; and differing formats historically being requested. While we understand FSA's position in not developing a formal policy, doing so would enhance transparency in the issuance of the per-acre national maximum payment rate limitations when they are revised, as well as provide a historical record for succession planning purposes. Additionally, the 2018 Farm Bill does not preclude FSA from analyzing the per-acre national maximum payment rate limitations at regular intervals to determine if the agency recommends adjusting the rates. Further, developing a formal policy would meet the Departmental Regulation[24] requiring management to establish, maintain, and strengthen accountability and systems of internal controls and the GAO Green Book provisions requiring management to document in policies the internal control responsibilities of the organization.[25]

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[21] These officials included the Deputy Administrator for Farm Programs, the FSA Administrator, the Under Secretary for Farm Production and Conservation, and the Secretary of Agriculture.
[22] Without a per-acre national maximum payment rate limitation, the amount per-acre received by producers would not be limited and would be the sum of the WASRR and available incentives.
[23] USDA Departmental Regulation 1110-002, *Management's Responsibility for Internal Control* (Mar. 5, 2021).
[24] Ibid.
[25] GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G, ¶ 12.02 (Sept. 2014).

In summary, FSA's current approach of relying on agency expertise without a formal policy could lead to inconsistency in: (1) the frequency of assessing the per-acre national maximum payment rate limitations; and (2) documentation of the analysis, options and recommendations. As a result, OIG is recommending that FSA develop and implement a formal policy outlining the agency's process for assessing the per-acre national maximum payment rate limitations for CRP to determine if revisions are needed.

Recommendation 1

Develop and implement a formal policy outlining the agency's process for assessing the per-acre national maximum payment rate limitations for CRP to determine if revisions are needed.

Agency Response

FSA agreed with this recommendation. To determine maximum payment rate limitations, finalized Soil Rental Rates (SRRs) must be available. FSA is midway through setting FY25 SRRs for CRP and plans to use these rates to develop formal processes and policy for determining maximum payment rates annually, from FY26 and forward. FSA will determine and analyze available data to develop a proposed agency process and formal policy, to be completed by March 2025. FSA will finalize the agency's proposed process and formal policy with approval from leadership by June 2025 and implement the approved process and policy for maximum payment rate limitations beginning in August 2025.

OIG Position

We accept management decision.

Scope and Methodology

The scope of our inspection included CRP payments that contained Climate-Smart Practice Incentive payments paid in FY 2023. During this period, according to FSA, the agency made more than $8.4 million in CRP payments that contained Climate-Smart Practice Incentive payments. We conducted our fieldwork between July 2023 and July 2024. We discussed the results of our inspection with agency officials on August 7, 2024, and included their comments, as appropriate.

To accomplish our inspection objective, we:

- Reviewed applicable laws, regulations, agency policies, procedures, and guidance related to Climate-Smart Practice Incentive payments and the per-acre national maximum payment rate limitations.
- Interviewed FSA's National Office officials, FSA's State Office officials, and County Executive Directors at select counties to obtain an understanding of their respective roles in determining eligibility for Climate-Smart Practice Incentive payments.
- Interviewed FSA's National Office officials to obtain an understanding of the National Office's role in administering CRP per-acre national maximum payment rate limitations.
- Interviewed FSA's State Office officials to obtain an understanding of the State's oversight responsibilities for Climate-Smart Practice Incentive payments.

During our scope period, according to FSA, the agency made 69,528 CRP payments that contained Climate-Smart Practice Incentive payments. We selected two States (see Exhibit A) for fieldwork and one county within each of those States. The first State was selected as it had the most Climate-Smart Practice Incentive payments made in FY 2023 and the largest amount of the Woody Biomass practice type, according to the data received from FSA. The second State was chosen because it: (1) contained the county with the largest dollar amount of Climate-Smart Practice Incentive payments in the country; (2) the Climate-Smart Practice Incentive payments were predominantly practice type Grass and Legumes; and (3) ranked highly in terms of the total amount of overall Climate-Smart Practice Incentive payments. The counties were selected based primarily on the overall amount of Climate-Smart Practice Incentive payments made during FY 2023. We non-statistically selected a sample of 20 CRP payments, which included $57,684 in Climate-Smart Practice Incentive payments made in FY 2023 according to data from an agency information system, at the FSA County offices to determine: (1) if the producer and land was eligible for the Climate-Smart Practice Incentive, (2) the required documentation was completed, (3) the payments were awarded for eligible CRP practices, (4) the recipients implemented the eligible practices, and (5) FSA calculated the incentives correctly.

Table 1. CRP Climate-Smart Practice Incentive Payments Sample Summary. Table by OIG.

County Office	Number of CRP Contracts Reviewed	Primary Selection Criteria	Amount of Climate-Smart Practice Incentive Payments Reviewed[26]	Percentage Reviewed of Total Climate-Smart Practice Incentive Payments for County Office in FY 2023
FSA Winneshiek County Office (Iowa)	10	Practice Type (Woody Biomass, Grass and Legumes, Grass); Highest Climate-Smart Practice Incentive payment within the practice types	$12,325	17.3%
FSA Walla Walla County Office (Washington)	10	Practice Type (Woody Biomass, Grass and Legumes, Grass); Highest Climate-Smart Practice Incentive payment within the practice types	$45,359	27.4%
Total	**20**		**$57,684**	

We obtained the universe of Climate-Smart Practice Incentive payments approved in FY 2022 and paid in FY 2023 from FSA. To assess the reliability of these data, we confirmed with FSA that the total number of Climate-Smart Practice Incentive transactions and payments in FY 2023 received matched the data provided by the agency. We used the information in the universe to identify States and counties with the most CRP payments containing Climate-Smart Practice Incentive payments; to identify individual CRP payments containing the Climate-Smart Practice Incentive; and compared the data to the information obtained from the respective County Office administering the CRP. We make no representation regarding the adequacy of any agency computer system, or the information generated from it, because evaluating the effectiveness of information systems or information technology controls was not one of our inspection's objectives.

We conducted this inspection in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.[27] These standards require that we plan and perform the inspection to obtain sufficient, appropriate evidence to

[26] According to data obtained from the Financial Web Application Data Mart.
[27] Council of the Inspectors General on Integrity and Efficiency, *Quality Standards for Inspection and Evaluation* (Dec. 2020).

provide a reasonable basis for our conclusions based on our inspection objective. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our review.

Abbreviations

AGI ....adjusted gross income
CREP......................................Conservation Reserve Enhancement Program
CRP..Conservation Reserve Program
FSA ....Farm Service Agency
FY ....fiscal year
GAO..Government Accountability Office
NASS ....National Agricultural Statistics Service
OIG ....Office of Inspector General
PIP...Practice Incentive Payment
SIP...Sign-Up Incentive Payment
SRR..soil rental rate
U.S.C......................................United States Code
USDA.....................................United States Department of Agriculture
WASRR ....Weighted Average Soil Rental Rate

Exhibit A: Sites Visited

This exhibit shows the name and location of all FSA sites visited.

AUDIT SITE	LOCATION
National Office	
FSA Washington Office	Washington, DC
State Offices	
FSA Iowa State Office	Des Moines, IA
FSA Washington State Office	Spokane, WA
County Offices	
FSA Winneshiek County Office	Decorah, IA
FSA Walla Walla County Office	Walla Walla, WA

Farm Service Agency
Response to Inspection Report

USDA United States Department of Agriculture

Farm Production and Conservation

Farm Service Agency

1400 Independence Avenue, SW
Mail Stop 0510
Washington, DC 20250

DATE: **September 03, 2024**

TO: **Janet Sorenson**
Assistant Inspector General for Audit
Office of Inspector General (OIG)

FROM: **Steven Peterson** STEVEN PETERSON Digitally signed by STEVEN PETERSON Date: 2024.09.03 15:59:23 -04'00'
Associate Administrator

THROUGH: **John J. Berge**
***Acting* Deputy Administrator for Farm Programs (DAFP)**

SUBJECT: **Eligibility of Conservation Reserve Program (CRP) Climate-Smart Incentive Payments Inspection # 03801-0001-41**

The U.S. Department of Agriculture (USDA), Farm Service Agency (FSA) is submitting a response for which FSA is responsible be accepted, based on the support of the information provided in this memorandum. FSA is submitting a Corrective Action Plan (CAP) with Estimated Completion Dates (ECDs) to support the recommendation from OIG. Should there be addition actions necessary, FSA will immediately provide the information.

What OIG Recommends:
We recommend FSA develop and implement a formal policy outlining the agency's process for assessing the per-acre national maximum payment rate limitations for CRP to determine if revisions are needed.

FSA Response:
The table below provides FSA's proposed CAP and ECDs for implementing a new formal process and policy for determining maximum payment rate limitations. Soil Rental Rates for CRP are determined partly based on prior year National Agriculture Statistics Service survey data. To determine maximum payment rate limitations, finalized Soil Rental Rates (SRRs) must be available. FSA is midway through setting FY25 SRRs for CRP and plans to use these rates to develop formal processes and policy for determining maximum payment rates annually, from FY26 and forward. The CAP will be implemented over the next fiscal year, and formal processes and policy as well as maximum rate limitations will be finalized alongside the release of FY26 SRRs.

Corrective Action Plan and Estimated Completion Date
OIG Inspection 03801-0001-41

Step	Action	Estimated Completion Date
1	Determine data available and review potential max. payment rate limitations for FY26.	September/October 2024
2	Analyze the data for use in reviewing maximum payment rate limitations.	November/December 2024
3	Develop proposed agency process and formal policy.	January- March 2025
4	Analyze the agency's proposed process, review learnings from FY25 analysis, and formalize policy with the identified data set prior to implementation.	April/May 2025
5	Finalize the agency's proposed process and formal policy with approval from leadership.	June 2025
6	Implement approved process and policy for maximum payment rate limitations.	FY26 SRR Review Period (Beginning August 2025)

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