

of 5 years, subject to re-designation. The purpose of the conservation priority area designation is to enhance the CRP by better addressing conservation and environmental issues in a planned and coordinated manner within a State. In addition to the national priority areas provided in the 1985 Act, CCC re-authorized two other national conservation priority areas: the Prairie Pothole and Longleaf Pine Regions with certain adjustments, as explained later. CCC will continue national conservation priority areas after reviewing and revising them, as appropriate, to conform to HUC's or county boundaries.

CCC also re-authorized State conservation priority areas. Prior to the 2002 Act, State conservation priority areas were limited to no more than 10 percent of the cropland (net of any national conservation priority area) in the State. When requesting conservation priority area designation, FSA State committees were required to develop an evaluation and monitoring system to determine the effectiveness of designating a particular area as a priority. Designations are valid for 5 years and many of these areas are approaching the expiration of their 5-year designation.

The regulations at 7 CFR part 1410.8 authorize FSA State committees to designate State conservation priority areas after consulting with the NRCS State technical committee. Conservation priority areas make cropland basically eligible for enrollment. Other qualifications including the physically and legally capable of being cropped standards at 7 CFR part 1410.6 and ownership eligibility at 7 CFR part 1410.5 continue to apply. This rule, in 7 CFR part 1410.8, changes the total area in a State eligible to be designated as a State conservation priority area from no more than 10 percent to no more than 33 percent of the cropland in the State. This change increases local flexibility in enrolling eligible land into the program and provide local natural resource managers increased flexibility in achieving environmental improvement and in achieving water quality objectives under the Clean Water Act. The increase from 10 percent to 33 percent will assist USDA in addressing certain water quality issues and is consistent with water quality areas designated for certain environmental benefit ranking factors.

Mid-Contract Cover Management

USDA will require that all new covers under new contract to be maintained and managed in a manner that will maximize wildlife benefits while ensuring soil, water, and other resources

are protected. Eligible management activities incorporating native seeds and planting will be developed by FSA State committees based on recommendations from State technical committees with input from resource professionals with knowledge of wildlife, forestry, hydrology and other appropriate disciplines. Other management activities could include light disking and burning. Mid-cover management shall be conducted according to an approved conservation plan as part of the CRP contractual obligation that will maximize wildlife benefits while ensuring soil, water, and other resources are protected as determined by FSA.

Request for Comment

The regulations at 7 CFR part 1410.30 provide for enrollment methods that generally include periodic competitive signup periods and, for certain environmental practices, continuous non-competitive enrollments. Since 1996 when continuous signup was authorized, FSA has expanded the kinds of environmental practices to meet legislative and other needs. The added practices include contour grass strips on terraces, two farmable wetland practices and the marginal pasture land practices. Further, USDA recently announced the intention to include certain hardwoods under continuous signup.

We request comments on environmental and other criteria that should be used to qualify practices for a continuous signup and to distinguish the non-competitive from the competitive general signup.

Cost-Benefit Assessment (CBA)

The CBA analyzes the environmental, economic, and budgetary impacts of enrolling additional land in CRP under provisions of the accompanying rule. Principal issues analyzed are land eligibility changes and extension of authority to enroll new lands in CRP. Two enrollment options are considered: (1) Enrollment of additional acres under general signup provisions to reach the statutory maximum enrollment of 39.2 million acres and (2) enrollment of additional acreage under general signup provisions up to the pre-existing 36.4 million-acre cap. The first scenario is the selected option. It corresponds to enrollment levels included in the Office of Management and Budget's Fiscal Year (FY) 2003 Mid-Session Review budget baseline, and includes enrollment of an additional 2.8 million acres compared with option 2. Other issues analyzed include basic cropland and resource-based eligibility criteria, FWP expansion, eligibility of infeasible-to-farm field remainders, and management

of enrolled fields to maintain and improve vegetative vigor and diversity.

Cropland eligibility will be based on crop history during 1996 through 2001. To be eligible, land must have been cropped, considered cropped, or in conserving uses in at least 4 of the 6 years. Land planted to an agricultural commodity at least 4 of the 6 years is estimated to total 310 million acres. Allowing land in crop/fallow rotations adds about 28.3 million acres, primarily in the Northern Plains and Mountain regions where wheat/fallow rotations are common. Including land in hay/crop rotations (25.2 million acres) brings total land meeting crop history requirements to 363.5 million acres, a 1.9 million-acre (0.5 percent) increase from estimated eligibility under prior provisions.

About 268 million acres, or 74 percent, of land meeting crop history requirements are estimated to meet one or more resource-based eligibility criteria, including 104 million acres of highly erodible cropland, 116 million acres in national conservation priority areas, and up to 94 million acres in State conservation priority areas. Because CRP enrollment in a county is limited to 25 percent of cropland in the county, only about 106 million of these acres are potentially enrollable.

Allowing non-emergency managed haying or grazing, conducted in accordance with a conservation plan, will increase the amount of cover disturbance that will occur. Managed disturbance of vegetative covers established on CRP land generally increases diversity and quality of vegetative covers, improving wildlife habitat benefits. Based on surveys of CRP participants, these managed uses could potentially affect about 25 percent of eligible CRP grassland acreage. Haying and grazing will be limited to no more than once every 3 years, depending on conservation plan guidelines, with additional restrictions in environmentally sensitive areas or practices. Thus, around 2 to 3 million acres could be hayed or grazed in any year, improving wildlife habitat benefits on a total of about 7 million acres. If the current 25-percent payment reduction is applied and there is equitable regional distribution of participation, CRP outlays could be reduced by \$20 million to \$25 million per year.

Establishing long-term vegetative cover on the additional 2.8 million acres of cropland enrolled under the selected option (option 1) will provide numerous environmental benefits. Soil productivity is enhanced because erosion is essentially ceased during the 10- to 15-year contract period. CRP enrollment reduces sheet and rill (water