

Maryland Department of Agriculture
Report to Bay Restoration Fund Advisory Committee
September 25, 2006

FY '07 Cover Crop Program and Budget

The Fiscal year 2007 Cover Crop program had concurrent signups. One for a harvestable Cover Crop component, referred to as Commodity Cover Crop (CCC). And one for the regular program, which is coined Traditional Cover Crop (TCC).

With a substantial increase in funding for FY '07(nearly double FY'06), MDA took an aggressive approach to sign up by raising the traditional caps in the program. The previous TCC cap of 500 acres was raised to 1000 acres. CCC is a new program with a cap of 500 acres. The goal of the program is to expand implementation toward the ultimate Tributary Strategies goals of 600,000 acres of TCC and 150,000 of CCC.

As a result of these aggressive efforts, sign up was very robust and exceeded expectations and budget. With more than 500 new applicants who were not in last year's program, the CCC sign up totaled slightly over 130,000 acres and TCC sign up was 324,000. The TCC number also includes nearly 24,000 acres of standby which operators sign up for over and above the cap. Those acres are only paid in the event that there is additional money available to the program and are at the risk of the operator.

To meet the \$7.65 million budget, we will pro-rate the acreage enrolled, so that every applicant will be approved to participate. If MDA had used the previous methodology by operating on a first-come, first-served basis only 600 of the original 1500 applicants would have been approved. The process used to pro-rate the applications was to approve funding by indicated percentages. By pro-rating, all applicants will gain experience with the benefits of the program and, hopefully, will be encouraged to participate in the program in the future.

	APPLICATION ACRES	APPROVED %	APPROVED ACRES	IMPLEMENTATION PERCENTAGE	IMPLEMENTED ACRES	AMOUNT
CCC	130,000	50%	65,000	90%	58,500	\$1.17M
TCC	300,000	75%	225,000	75%	168,750	\$6.75M
						\$7.92M *

* Grant funds targeted to specific watersheds account for difference between CBRF and general fund and projected expenditures.

Benefits to Bay Restoration with Pro-rated Program			
Cover Crop	Implemented Acres	#/N	#/P
CCC	58,500	368,750	11,700
TCC	168,750	1,434,375	33,700
TOTALS	227,250	1,803,125	45,400

(more)

Update to Bay Restoration Fund Advisory Committee

February 21, 2007

The next phase of our process is the certification of acres actually planted by farmers. This process requires local Soil Conservation District (SCD) staff to meet with all of the individual farmers and certify that their contracts were fulfilled. Maps and documentation is provided by the operators to verify items such as units of seed used, certification of germination of seed, seed purity, etc. SCD's then make random checks on at least 20% of every operation's acreage to confirm the accuracy of the reported implementation.

The results of the certification as of this report are:

	APPROVED ACRES	IMPLEMENTED ACRES (estimate)	CERTIFIED ACRES	AMOUNTS
CCC	65,000	58,500	66,000	\$1.3M
TCC	225,000	168,750	175,387	\$7.2M
Total				\$8.5M

The typical reduction we experience from fall certification to payment in the spring has historically been any where from 5 % to 20%. Factors that previously figured into this were mainly commodity prices influencing farmers' decisions to harvest or to change cropping rotations and mixes.

Since this year farmers could enroll in the Commodity program and MDA instituted a pro-rata reduction in both programs, there is a new paradigm to consider. MDA believes that the slippage rate will be about 5% which will bring the program on target with available funds.