

### **Competitive Research Grant Program**

## **An accounting tradeoff between Wetlands Reserve Program and government payments**

*Investigators: Gregory Ibendahl, C.W. Herndon, Dan Petrolia, Agricultural Economics*

### **Project Goal:**

The purpose of this project is to examine the tradeoff between land as farmland and land enrolled in the Wetlands Reserve Program (WRP) from a strictly accounting concept. In other words, the cost to enroll land in the WRP will be weighed against the cost to provide government payments to that land over time and amortized over the life of the WRP contract.

### **Project Objectives:**

For this study, several Mississippi counties will be examined. In each county, the expected government payment will be computed for each type of crop base. These crops include cotton, rice, corn, and soybeans. The expected crop insurance payment will also be included. These governmental payments will be weighed against the WRP payment for the easement and restoration of the same land.

### **Synopsis of research activities per objective:**

We have estimated the expected government payments for most of the delta and for most of the major crops (except rice).

### **Significant findings/results per objective to date:**

For certain crops in Mississippi, the WRP payment is sometimes less than the expected government payments. These crops

would be those with high government payments such as cotton. For other crops (e.g., soybeans), the expected government payment is small and the WRP payment is nearly always larger.

### **Unrealized or unsuccessful endeavors of project:**

Scientists still need to examine rice land. In addition, more counties will be included.

### **Applications or broader impacts of significant findings, including economic impacts or projected impacts:**

This project has implications for examining CRP payments. With the new farm bill still to be determined, this could be an important issue.

### **Project success relative to original objectives:**

Project has been successful thus far.