

Inflation Reduction Act



IRA - Conservation Stewardship Program - Informational Report

Inspection 10801-0002-23 – November 2023

When signed on August 16, 2022, the Inflation Reduction Act (IRA)¹ provided the United States Department of Agriculture (USDA) Natural Resources Conservation Service (NRCS) more than \$19 billion² over 5 years for climate-smart agriculture practices, such as helping farmers and ranchers implement expanded conservation practices that reduce greenhouse gas emissions and increase storage of carbon in their soil and trees. IRA supports NRCS conservation programs that historically had more applications than available funding, such as the Conservation Stewardship Program (CSP). As part of the Office of Inspector General’s (OIG) oversight responsibility, we are issuing this informational report about CSP, which is undergoing an audit regarding participants’ control of land.³ While providing general information, we are also highlighting funding and program changes within CSP. This report is in addition to OIG’s memorandum on prior audits related to NRCS’ IRA funding.⁴

About CSP

CSP encourages agricultural and forest producers to improve and conserve natural resources by undertaking activities that will increase or extend conservation benefits such as increased crop productivity, wildlife habitat improvements, and increased resilience to weather extremes. CSP provides financial and technical assistance to eligible participants for the purpose of conserving, protecting, and improving soil, water, and other related natural resources. Farmers.gov has published a series of NRCS videos, “[Conservation at Work](#),” to share the benefits of the conservation practices.⁵

In the previous 2 fiscal years, NRCS obligated CSP contracts for conservation activities on over 27 million acres as it seeks to improve soil, water, and other natural resources. See further details below.

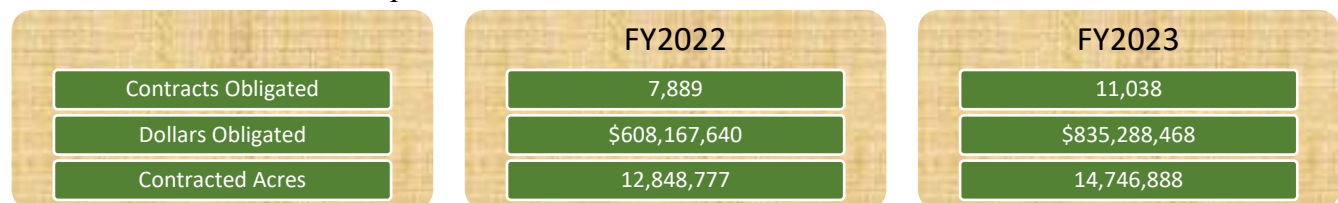


Figure 1: CSP Fiscal Year (FY) 2022 and 2023 Statistics.⁶

¹ Inflation Reduction Act of 2022, Pub. L. No. 117-169, 136 Stat. 1818.

² IRA provided NRCS \$1 billion for conservation technical assistance.

³ Audit Report 50601-0005-23, *Conservation Stewardship Program – Participant Control of Land*, in progress.

⁴ Prior OIG Audits Relevant to Natural Resources Conservation Service’s Inflation Reduction Act Funding memorandum (Jan. 2023).

⁵ Videos last accessed August 9, 2023.

⁶ FY2022 data from [Financial Assistance Program Dashboard | Farmers.gov](#), as of June 30, 2023. The statistics include all funding sources. NRCS provided final FY 2023 statistics.



Figure 2: Through CSP, NRCS Seeks to Improve Soil, Water, and Other Natural Resources.⁷

CSP Funding

Generally, farm bills provided CSP funding (see Figures 3 and 4).⁸ However, IRA provided \$3.25 billion for CSP funding from FYs 2023 through 2026. Additional CSP funding for FYs 2024 through 2026 is subject to the provisions of the pending farm bill.

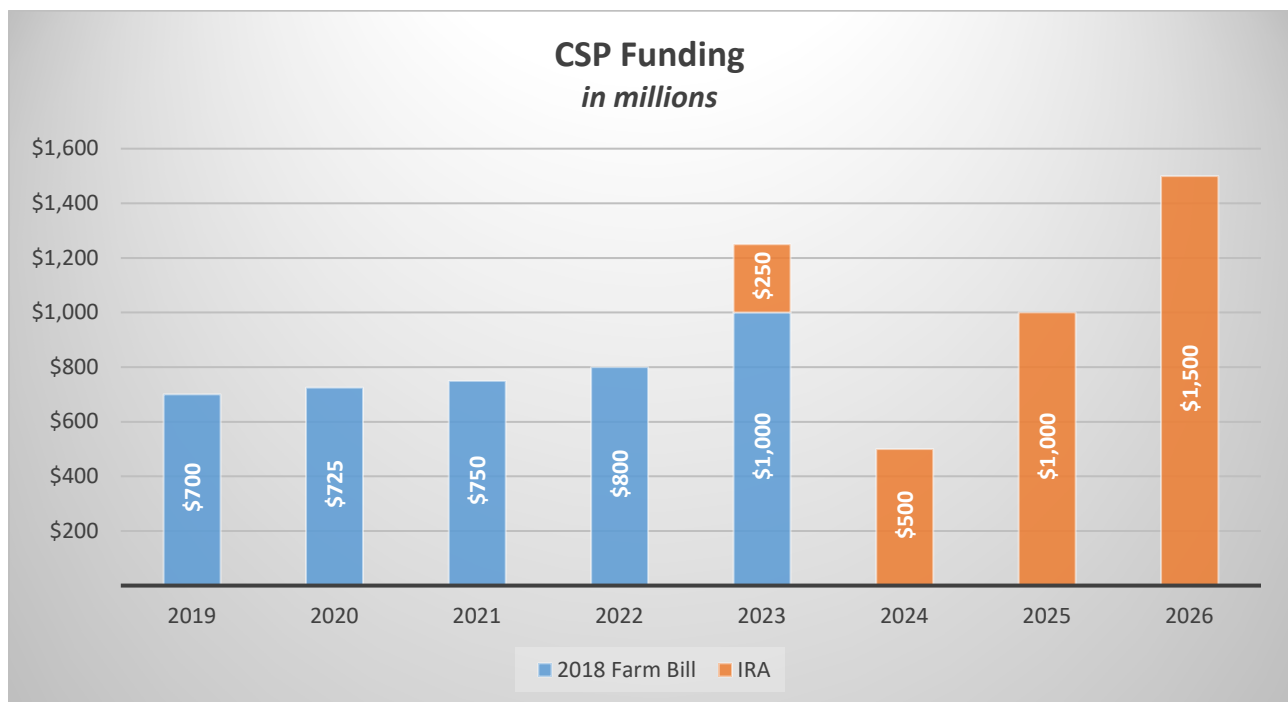


Figure 3: CSP Funding From FY 2019 to FY 2026 (in millions).

⁷ All photographs are from USDA’s Flickr site and are in the public domain. They do not depict any particular audit, inspection, or investigation. (L-R) Photo of tractor by Brandon O’Connor; photo of rangeland by USDA; photo of sunflower/pollinator by Brandon O’Connor; and photo of cover crop residue by Ron Nichols.

⁸ A March 2022 Congressional Research Service Report, “*Preparing for the Next Farm Bill*,” stated that “the farm bill is an omnibus, multiyear law that governs an array of agricultural food programs. Although freestanding legislation or components of other major laws sometimes create or change agricultural policies, the periodic farm bill provides a predictable opportunity for policymakers to address agricultural and food issues in a comprehensive manner. In recent years, Congress has renewed the farm bill every 4 to 6 years.”

Evolution of CSP

Since its inception as the Conservation Security Program in 2002, subsequent farm bills transformed the CSP into the program it is today. Figure 4 below highlights the key changes that occurred in the evolution of the program.

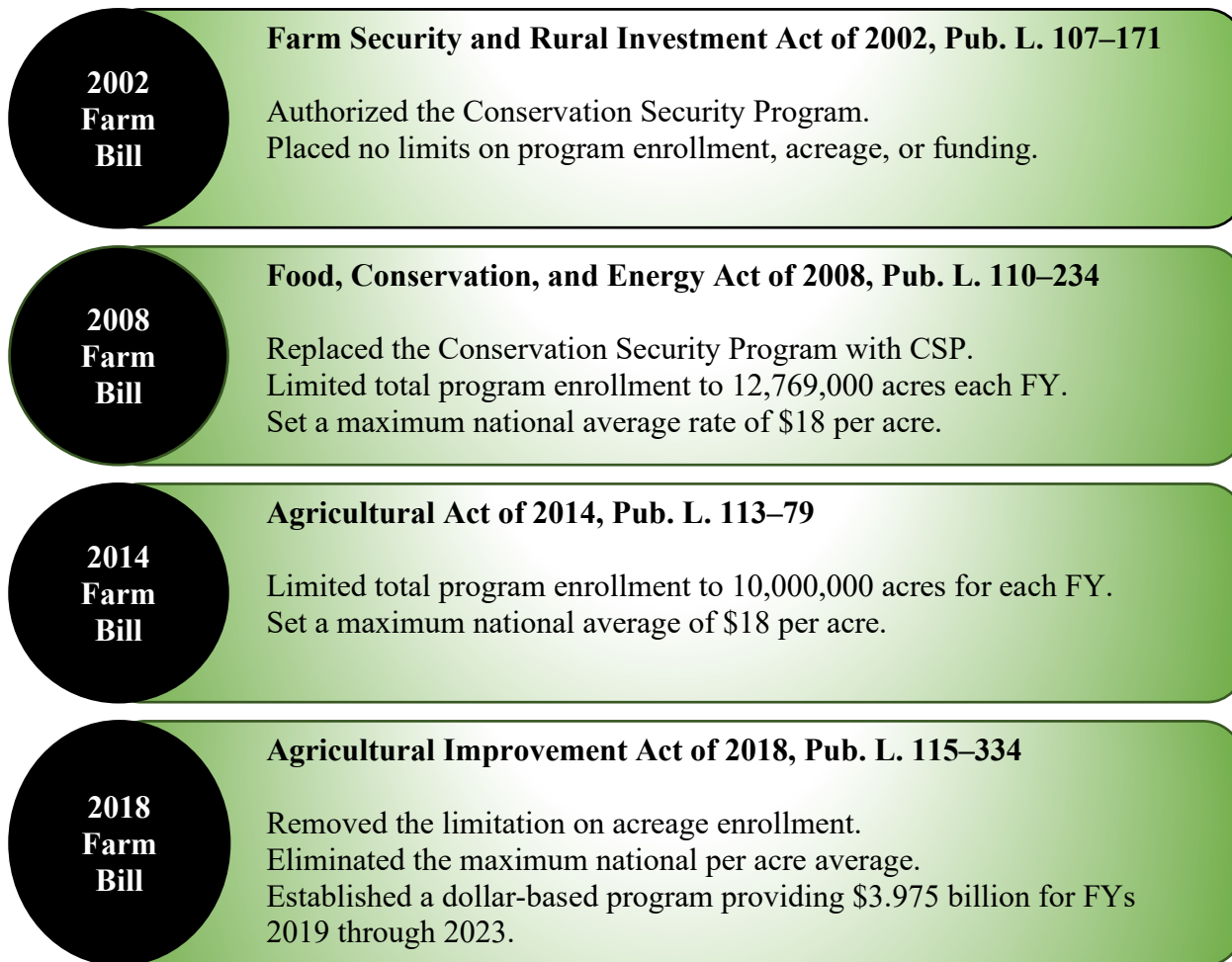


Figure 3: Evolution of CSP From Program Inception to the Latest Farm Bill.

Prior OIG Audit Work

In September 2016, we found that NRCS lacked adequate controls to detect erroneous participant-reported CSP information affecting eligibility and payment amounts, such as maintaining control of land during the contract period.⁹ Additionally, NRCS had inadequate controls over contracting and documenting the implementation of conservation enhancements. We recommended NRCS incorporate specific, ongoing collaboration with other USDA agencies in its compliance strategy, including updating a data-sharing agreement to ensure access to current FSA data for program participants; implementing controls to ensure CSP applicants' payment shares are accurate; and creating and implementing a control for preventing incompatible enhancements. According to information

⁹ Audit Report 10601-0001-32, *Controls over the Conservation Stewardship Program* (Sept. 2016).

maintained by the Office of the Chief Financial Officer, NRCS completed implementation on all corrective actions to address the audit’s recommendations on January 7, 2022.

Changes to Program Controls

While CSP regulations and policies still apply, IRA funds are authorized only for contracts with one or more conservation practices or activities, identified by NRCS, that directly improve soil carbon, reduce nitrogen losses, or reduce, capture, avoid, or sequester carbon dioxide, methane, or nitrous oxide emissions associated with agricultural production.¹⁰ The practices and activities that address IRA priorities are referred to as IRA conservation practices and activities. Contracts implemented using IRA funding cannot be extended or paid beyond September 30, 2031.¹¹

Scope and Methodology

This informational report provides general information and highlights the FY 2023 to FY 2026 funding and program changes in CSP as a result of IRA. The scope of the inspection is from August 16, 2022, through September 30, 2023. This informational report does not contain any findings or recommendations and was prepared using information obtained during prior¹² or ongoing¹³ audit work or from public sources. We believe the evidence obtained is sufficient and appropriate to support the information in this report. We conducted our inspection in accordance with the Council of the Inspectors General on Integrity and Efficiency’s *Quality Standards for Inspection and Evaluation*. We provided a draft of this report to NRCS management for their review and technical comments; no comments were provided.

Objective and Looking Ahead

Our objective was to review and report information about CSP relative to IRA for transparency and disclosure. During FY 2024, we will monitor implementation of IRA and assess key risks as we plan oversight work of USDA’s entire portfolio of programs and activities.

¹⁰ Inflation Reduction Act of 2022, Pub. L. No. 117-169, 136 Stat. 1818, § 21001(a)(2)(B).

¹¹ Inflation Reduction Act, Addendum to Appendix to Form NRCS-CPA-1202, “Conservation Program Contract” (Feb. 2023).

¹² Audit Report 10601-0001-32, *Controls over the Conservation Stewardship Program* (Sept. 2016).

¹³ Audit Report 50601-0005-23, *Conservation Stewardship Program – Participant Control of Land*, in progress.

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