REVIEW OF USDA FARM BILL CONSERVATION PROGRAMS

HEARING

BEFORE THE

SUBCOMMITTEE ON CONSERVATION, CREDIT, ENERGY, AND RESEARCH

OF THE

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HOUSE OF REPRESENTATIVES

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SUBMITTED MATERIAL

HEARING TO REVIEW USDA FARM BILL CONSERVATION PROGRAMS

THURSDAY, APRIL 19, 2007

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE
SUBCOMMITTEE ON CONSERVATION, CREDIT, ENERGY, AND RESEARCH
Washington, DC.

The Subcommittee met, pursuant to call, at 1:08 p.m., in Room 1300 of the Longworth House Office Building, Hon. Tim Holden [Chairman of the Subcommittee] presiding.

Members present: Representatives Holden, Costa, Space, Walz, Scott, Salazar, Gillibrand, Kagen, Donnelly, Peterson, Lucas, Fortenberry, Schmidt and Moran.

STATEMENT OF HON. TIM HOLDEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

Mr. HOLDEN. This hearing of the Subcommittee on Conversation, Credit, Energy and Research to review USDA farm bill conservation programs will come to order.

The first business of the day, I will say to the ranking member, is to recognize our newest member of the subcommittee, Mr. Joseph Donnelly from Indiana. We welcome you to the subcommittee, Mr. Donnelly.

Mr. DONNELLY. Thank you very much, Mr. Chairman. It is an honor to be here and I am very grateful for the opportunity.

Mr. HOLDEN. Well, we look forward to working with you as you are filling in for Mr. Boswell, who has numerous responsibilities not only on this committee but in other committees in the Congress, so we certainly do welcome you, and even though I am from Pennsylvania, the part of Pennsylvania I am from would always say "Go Irish" so we certainly welcome someone from South Bend, Indiana to the———

Mr. DONNELLY. Mr. Chairman, we are on the same planet.

Mr. HOLDEN. I would like to welcome our witnesses and guests to today's hearing. I hope this hearing will provide a useful review of conservation programs in the farm bill. The 2002 Farm Bill was the biggest investment in conservation in the history of farm bills. The conservation title dedicated over $17 billion in additional investment for conservation programs, an increase of 80 percent. While the budget may be tight, I believe we need to see if we can match that in the upcoming farm bill reauthorization. Conservation funds have allowed many farms to meet environmental regulations in this changing industry. Conservation programs assist our farm-

ers and ranchers in strengthening their environmental stewardship. That is important for looking after the land and water that we will pass on to future generations.

In the current farm bill, we funded the most significant programs in order to preserve farmland and to improve water quality and soil conservation on working land. We addressed environmental concerns and sought to make conservation a cornerstone of agriculture for producers in all the regions of the country. Our Nation's farms and ranches produce far more than traditional food and fiber. Well-managed agricultural land also produces healthy soil, clean air, clean water, wildlife habitat and pleasant landscapes, all of which are valued by rural and urban citizens alike.

During this hearing, I hope we can answer many questions. Are current conservation programs working for all regions? How can we account for the rising cost of energy? How can we support the diversity of crops across the Nation and how do we stabilize and keep agricultural operations in business so that they can continue to protect our environment? I look forward to hearing suggestions that the witnesses may have as to what Congress can do to ensure agriculture's continued role in conservation.

I would ask all members of the subcommittee to submit their opening statements for the record with a few exceptions, the first being my friend and the Ranking Member of the Subcommittee, from Oklahoma, Mr. Lucas.

STATEMENT OF HON. FRANK D. LUCAS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OKLAHOMA

Mr. LUCAS. Thank you, Mr. Chairman, and good afternoon and welcome to today's hearing to review USDA's farm bill conservation programs.

Today's hearing is the final conservation hearing this subcommittee will hold before beginning to write the conservation title of the next farm bill. The 2002 Farm Bill provided the greatest funding increase ever for conservation programs. The farm bill's conservation programs have undoubtedly been a huge success, providing for benefits to soil, water and air quality. We are proud of what we accomplished in the 2002 Farm Bill and want to build on that in the next farm bill. Our farm bill hearings over the last 15 months have given us a great deal of insight into how the current conservation programs are working.

This subcommittee has been charged with trying to reach consensus on what kind of conservation title should be included in the next farm bill. This hearing will allow us to discuss many of our conservation programs in depth and I am interested to hear how you all think that the current programs are operating, what changes need to be made in the programs and their funding levels and whether current programs or new programs are needed to meet producers' compliance with regulatory standards. Specifically, I am interested in hearing your thoughts on the CRP program, how that program has been utilized or could be utilized in renewable energy crop production, is there support for releasing the less environmentally sensitive areas for production and replacing those acres with more sensitive land. Additionally, I hope to hear your thoughts on EQIP, which is vitally important in my home State of

Oklahoma. We are spending substantially on that program today with an increased funding level from $200 annually in 2002 to $1,300,000,000 in 2007. We should examine whether there are improvements or adjustments that need to be made in the program to make it more effective for producers.

As I reviewed the testimony for today's hearing, I found overwhelming support for conservation technical assistance. Producers benefit greatly from the assistance they receive from knowledgeable staff and committed local partners. There seems to be a consensus among program users that technical assistance funding is inadequate and the delivery system is the lifeline to ensuring the success of conservation programs. So I look forward to hearing more about this issue from our witnesses. What we need to remember today is that we have a limited number of resources in which to write the conservation title. We will no doubt have lots of requests and advice and input on the best way to spend that money allocated to us. However, it is difficult to balance out all of the requests since all of the ideas have so much merit. That is why we must focus on what is working and what is not working and what is being done efficiently and effectively and what is not. I look forward to today's hearing and I am very pleased that you called it, Mr. Chairman.

Mr. HOLDEN. The Chair thanks the Ranking Member and recognizes the chairman of the full committee, Mr. Peterson.

STATEMENT OF HON. COLLIN C. PETERSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA

Mr. PETERSON. I thank the chairman, and I want to thank he and the ranking member for their leadership on this issue, and you guys have attracted quite a crowd, so I think that shows the interest there is in this area of the farm bill.

The conservation programs that we have been able to put in place help our farmers and ranchers preserve their land and also provide us with clean air, clean water and areas to recreate, hunt, and fish. The 2002 Farm Bill demonstrated our commitment to conservation by doubling the conservation funding, and I think that is a very good thing.

This year is a little different. We are facing some restrictions as we write this upcoming farm bill, both budgetary and practical. The budget constraints have left us without new money for the Wetland Reserve and the Grassland Reserve Programs. Also, there simply isn't enough money to run programs like CSP in the way that some people have been suggesting. The workload constraints at USDA are another restriction. We need to take a look at bringing in non-federal partners to help provide technical assistance for existing conservation programs.

But even with those obstacles, we will continue to have a strong conservation title in the upcoming farm bill. I share the concern of many of the witnesses about the backlog of unmet demand for conservation programs. Looking past the opticals, renewable energy production provides an unparalleled opportunity for American agriculture. I believe we can blend these two missions to preserve farmland and create wildlife habitats while growing feedstocks for biofuels and using manure to create electricity and synthetic gas.

I just want to say, there have been a lot of conservation groups that have been working very hard for the last year, year and a half and I commend them for the work that they have done pulling together I think the biggest coalition we have ever had coming behind some proposals that they have brought to us and it is very helpful and I have to say I agree with most of what they put together, but we are trying to resolve this budget issue in the next couple weeks so that we know exactly where we are.

In the commodity title of the farm bill, we have given up $60 billion of spending that was there in 2002 that is not there projected to be there in 2007. We get no credit for that. Just like a lot of other things and the way we operate these programs, when we take out our loans, we get charged. When we pay them back, we don't get credit. So we feel like we have a good case to make that by asking for $20 billion back out of the $60 billion that we gave up, that is a reasonable thing. And frankly, if we don't figure out some way to find the offsets, we are not going to be able to do the things that you guys are going to be talking to us about today. I told a lot of people around the country that in my part of the world, we can write a farm bill with the money we have and I can go home and I won't get lynched. People in the commodity area are basically telling us that even though they are going to spend $60 billion less, they can live with it if we keep what is in place, it has worked well in the past, and we have heard that around the country.

But there are all these other opportunities and needs in conservation, rural development, fruits and vegetables, food stamps, renewable fuels. So all of you that are interested in these areas of the farm bill, you need to help us, talk to all your members of Congress, Senators and the leadership to help us get the offsets so that we can have this additional money to do a farm bill to take advantage of these opportunities that are in front of us and to move this in the right direction. So we are hopeful that process will come out positively.

So I thank the chairman and the ranking member of the subcommittee for all of their hard work and I look forward to hearing the witnesses.

Mr. HOLDEN. The Chair would like to thank the chairman of the full committee and we welcome our first panel to the table: Mr. Jeff LaFleur, Executive Director, Cape Cod Cranberry Growers' Association on behalf of New England Farmers Union and National Farmers Union from Wareham, Massachusetts; Mr. Charles "Jamie" Jamison, National Corn Growers Association from Dickerson, Maryland; Mr. Lawrence Elworth, Executive Director, Center for Agriculture Partnerships, Asheville, North Carolina; Mr. Joel Nelsen, President, California Citrus Mutual from Exeter, California; Mr. Steve Foglesong, National Cattlemen's Beef Association from Astoria, Illinois; Mr. Douglas Wolf from Wolf L&G Farms, on behalf of the National Pork Producers of Lancaster, Wisconsin; Mr. Slade Lail, American Tree Farm System, Plumbdent Farms from Duluth, Georgia.

Mr. LaFleur, you may begin. I ask all witnesses to try to keep their remarks to five minutes and submit the balance of their testimony for the record.

Mr. LaFleur.

STATEMENT OF JEFF LAFLEUR, EXECUTIVE DIRECTOR, CAPE COD CRANBERRY GROWERS' ASSOCIATION, ON BEHALF OF NEW ENGLAND FARMERS UNION AND NATIONAL FARMERS UNION, WAREHAM, MASSACHUSETTS

Mr. LAFLEUR. Thank you, Mr. Chairman, Congressman Lucas and members of the Subcommittee. Thank you for the opportunity to testify today. My name is Jeff LaFleur. As president of the New England Farmers Union, the newest NFU chapter, I am here today on behalf of the National Farmers Union, a Nationwide organization representing more than 250,000 farmers, ranchers, fishermen and rural residents. I also serve as executive director of the Cape Cod Cranberry Growers' Association.

We believe the 2007 Farm Bill should build upon existing programs while encouraging further investment in new efforts. By coupling the environmental needs of our fragile farmlands with the socioeconomic goals of our farming communities, the new farm bill can do even more to create the opportunity to reward stewardship, discourage speculative development of fragile land resources and strengthen family farming in rural communities.

Mr. Chairman, I want to specifically mention NFU's strong support for several existing programs. The Conservation Security Program and the Environmental Quality Incentives Program should be fully funded. CSP is one of the most innovative attempts to reward producers for conservation practices on working lands and EQIP certainly has been a great success. To make even better use of these limited funds though, states should be permitted to set EQIP priorities based upon local environmental challenges. Additionally, the successes of these programs is based upon delivery of technical assistance to the producers. NRCS staff, who normally provide technical assistance, are now responsible for completing producer payments. All payment paperwork should return to the Farm Service Agency, namely the agency that excels in delivering payments to producers.

In addition, NFU supports the development of a one step conservation planning step for agriculture through NRCS. We recommend a single conservation plan, a plan that should be developed by the farm operator in conjunction with NRCS and the local conservation district in order to secure compliance with the myriad of land and water regulations established by various Government agencies. NFU also supports Conservation Reserve Program and it urges you to do all you can to ensure that CRP is not reduced by the 39.2-million-acre cap.

I want to bring to your attention to two new initiatives for the subcommittee's consideration. First is our desire to seek a Nationwide buffer strip initiative. Buffer strips play a key role in maintaining healthy productive farms as well as protecting fragile and vital waterways throughout the country. When designated appropriately, buffer strips help producers maintain their best land and crop production and make good use of marginal land. We urge you to consider a new Nationwide buffer strip initiative that builds upon the proven success of past buffer strip initiatives. Some would say this would be an expensive endeavor. However, billions of dol-

lars are spent by the U.S. Army Corps of Engineers and other federal, state, and local agencies to address water quality problems that could have been alleviated proactively through the results of a buffer strip initiative. NFU urges the subcommittee and the full committee to work with the appropriate committees in Congress to see if there are ways to institute such a program.

And finally, I want to mention NFU's innovative carbon credit trading program. As we all know, there is a growing public concern about global climate change. Our newly established carbon credit program is a voluntary private-sector approach to conservation that allows producers to earn income on carbon credit market by storing carbon in their soil through practices such as no-till farming. I am pleased to report that our program, which began in October of 2006, has already enrolled over one million acres. NFU aggregates the credits for our members and then trades then on the Chicago Climate Exchange. We believe that the carbon credit program and buffer strip initiative could be established to work within existing tier system of CSP or adopted as new tiers of participation.

Mr. Chairman, interactions with our Nation's natural resources do not need to set agricultural producers in opposition to the environment. As NFU members have demonstrated for many generations, farmers, ranchers and fisherman are the best environmental stewards and their astute understanding of the natural world deserves to be recognized and rewarded.

With that, Mr. Chairman, I thank you again for the opportunity to testify and I would be happy to answer any questions the subcommittee may have.

Mr. HOLDEN. Thank you, Mr. LaFleur.

Mr. Jamison.

STATEMENT OF CHARLES "JAMIE" JAMISON, NATIONAL CORN GROWERS ASSOCIATION, DICKERSON, MARYLAND

Mr. JAMISON. Mr. Chairman, members of the subcommittee, thank you for the opportunity to testify today for the conservation title of the next farm bill. I am Jamie Jamison from Dickerson, Maryland, a member of the Corn Board for the National Corn Growers Association. I grow corn, wheat, and soybeans on my farm, which is located 35 miles outside of Washington, D.C., in the Chesapeake Bay watershed.

In 1969, my good friend, Bob Raver, planted the first no-till corn in Montgomery County, Maryland. In 1970, I planted my first no-till corn. A few years later, we planted no-till soybeans and several years after that we planted no-till wheat. I was not alone in this endeavor. As growers who wanted to keep our farms alive, we all shared our mistakes and successes. Thirty-seven years later, my son's turf operation is the only tillage being done on our farm. We are 100 percent no till for all of our crops. Our farm is always looking at problems and how we can adapt to make our soils better and improve production and profitability. We are farming sustainably. To quote Dick Waybright of Mason-Dixon Farms, "Change is inevitable. Success is optional."

All across the country, corn growers are making important environmental gains through the use of farm bill conservation programs to reduce soil erosion, improve water quality and increase

wildlife habitats. To continue this trend, we need even greater emphasis on working land's conservation programs. We believe the conservation title should be adequately funded, environmentally sound based on sound science, implemented nationally at the watershed level, performance driven, simplified and streamlined to encourage more participation, and targeted so that programs achieve greatest environmental savings.

As you prepare farm bill legislation, we hope you are mindful of the NRCS delivery system and its limitations. Every farm bill since 1985 has fundamentally changed or added new programs. This has pushed the NRCS system beyond its limits. We commend Congress for providing a strong emphasis on conservation in the recent farm bills, especially on working lands. However, the 2002 Farm Bill was the most significant in this regard in terms of complexity. After several years of working through the kinks, we now have a good set of programs that work on the ground. Instead of extensive additions or complications, we encourage the committee to simplify and streamline existing programs.

With respect to specific programs, Environmental Quality Incentives Program is very popular and delivers effective conservation program dollars to assist landowners who face natural resource challenges on their land. Above all, EQIP should preserve the full flexibility needed to adjust the program over time to focus on evolving issues and to be based on national, state and local needs.

The Conservation Security Program continues to be a work in progress. Since its enactment, numerous legislative actions of the CSP statute have resulted in funding cuts, creating a range of implementation challenges. As a result, a number of corn growers have expressed frustration with the program, describing it as a moving target. Significant improvement is needed to the application selection implementation process and fairly applied to all eligible growers.

The Conservation Reserve Program is an important and well-used conservation program for corn growers. NCGA supports the full utilization of CRP at its authorized level. However, if market forces indicate diversion from CRP, we encourage fragile acres remain in the program and best management practices be implemented on land returning to production.

In closing, each of the conservation programs utilized by corn growers could benefit from more funding to increase efficiency, enrollment opportunities, and environmental gains. Any increase in funding should not come at the expense of the farm safety net. We recommend that the farm safety net be enhanced with conservation programs but not replaced by conservation programs.

Thank you for this opportunity to testify. I will be happy to answer any questions.

Mr. HOLDEN. Thank you, Mr. Jamison.

Mr. Elworth.

STATEMENT OF LAWRENCE ELWORTH, EXECUTIVE DIRECTOR, CENTER FOR AGRICULTURAL PARTNERSHIPS, ASHEVILLE, NORTH CAROLINA

Mr. ELWORTH. Thank you, Mr. Chairman and members of the committee for the opportunity to talk with you this afternoon about

some of the challenges specialty crop producers face in making use of conservation programs. My name is Larry Elworth. I am executive director of the Center for Agricultural Partnerships. We are a nonprofit organization based in western North Carolina. Since 2002, my organization has worked in 11 states with more than a dozen commodities to create more meaningful access for specialty crop producers and other farmers who by and large have not previously participated in conservation programs and that includes small farmers, limited resource and minority farmers as well.

There are a number of challenges that limit the ability of those growers to participate in programs like EQIP. There is a profound lack of knowledge among growers about the programs and how to use them. There is a lack of appropriate program opportunities suited to specialty crop production and there is an overall lack of capacity to deliver these programs to specialty crop producers. In the course of our work, we have identified several measures that would significantly improve their ability to participate in conservation programs and I would like to at least take a moment to outline those ideas for you now.

First of all, USDA needs to take leadership in creating a higher profile for specialty crop issues so that innovative ways of increasing access for specialty crop producers will be encouraged. One important step in that process would be to conduct an assessment of the problems that currently limit specialty crop participation and to engage NRCS staff with specialty crop organizations to develop a plan for addressing them.

In addition, USDA needs to create and support more-effective means for providing outreach and education for specialty crop growers. This would help growers become better informed customers for the programs and ensure that they can also effectively use the program opportunities. The outreach and education programs could be established through a specific mandate in the Conservation Innovation Grants Program, through cooperative agreements and partnership provisions, or through a conservation education program that could be established in the research title.

Of particular importance is providing direction in the farm bill for USDA to develop and support more-effective technical assistance options for specialty crop producers. Such provisions would provide guidance for USDA to use mechanisms such as cooperative agreements and partnerships with public and private organizations to provide the necessary technical assistance. This is especially important for specialty crop producers since the technical service provider provisions have proven to be wholly inadequate for their purposes. In addition, the percentage of EQIP funds allocated to technical assistance could conceivably be increased in states that are working extensively with specialty crop producers.

And finally, Mr. Chairman, USDA needs to work with Congress to ensure that there are adequate resources for conservation planning with specialty crop producers. In addition to providing sufficient funds for conservation technical assistance, provisions could be included in the farm bill that would allow the existing cost share and incentive payments under EQIP to provide for the development of plans for specific practices such as best management.

At the heart of these ideas is the recognition that even in the age of computers and websites, conservation programs are still delivered one-on-one by people on the ground. Working with farmers who are new to these conservation programs makes that effort even more labor-intensive. These measures would: help increase our capacity to deliver conservation programs, benefit an important and progressive segment of agriculture, create significant resource benefits, ensure more equitable access to federal conservation programs. Furthermore, these measures would have relevance to other groups of farmers who have been underserved by conservation programs as well.

Thank you again, Mr. Chairman, for the opportunity to testify this afternoon and for your leadership on conservation issues. I look forward to working with you and members of the subcommittee in addressing these issues, and I will be glad to answer any questions you have.

Mr. HOLDEN. Thank you, Mr. Elworth.

Mr. Nelsen.

STATEMENT OF JOEL NELSEN, PRESIDENT, CALIFORNIA CITRUS MUTUAL, EXETER, CALIFORNIA

Mr. NELSEN. Thank you, Mr. Chairman, members of the subcommittee. Again, my name is Joel Nelsen and I am president of California Citrus Mutual, a citrus producers' trade association located in California. Our membership is 2,000 growers farming in excess of 120,000 acres of fresh citrus. Our industry produces approximately $1.3 billion of commodities and we are the number one ranked fresh citrus-producing State in the Nation.

Today my testimony is on the conservation title of the upcoming farm bill. There is not too much history to speak of inasmuch as citrus growers and members of the specialty crop industry in general have little to say about this title. We just don't access it. Like so much of previous farm bills, we simply have not been able to work within this program and those aspects of this program that allegedly exist for commodities such as ours.

I would like to note that the specialty crop growers produce approximately 50 percent of the farm gate value of total agricultural production in the United States. Our share of farm bill activities, one more time, is very small. We will make an effort to change that in the 2007 Farm Bill. I believe strongly that the allocation of resources aimed at addressing issues of concern to specialty crop producers must reflect the value of their production to our economy as well as the dietary needs of our Nation. We look forward to working with the members of this committee, Congress, and the entire agricultural community in writing such a vehicle.

You may be aware that our collective industry has formed the Specialty Crop Farm Bill Alliance in an effort to be more active and therefore make the farm bill more productive for our industry. We have no choice but to be engaged and try to make our farm policy via the farm bill more balanced. In the past it has been too narrow in its outreach to agriculture across the Nation. That must change. Today competition from around the globe and from Governments around the world mirror our farm policy. That mirror, how-

ever, is for commodities produced in their respective countries, all commodities, unlike our farm bill policy, which favors a few.

To some extent, that has been our fault. We have avoided entanglement with the Government as we move fresh fruit and vegetables around the globe but now industries such as mine are faced with global competition that is unfair, and a changing societal perspective on how best to make our nutritious commodities viable for the consumers. Again, our industry presently accesses very little from the previous farm bill but our competition in Spain, for example, realizes $1 billion in direct subsidies.

The formula for access, the smaller pool accessible and the number of subscribers all preclude the ability of an industry such as ours to participate adequately in this program. This program is a good program, ladies and gentlemen, and requires more support from Congress. We wholly support EQIP in the conservation title. We believe in the expansion of the EQIP program. The existing program is oversubscribed and a majority of the funds are mandated for one segment of agriculture. If there are to be mandates, then they should be based on USDA's nutrition pyramid or the percentage of revenue contributed to the entire value of agriculture.

With a better-funded EQIP program, we can reward higher levels of environmental performance, address local, state and national environmental priorities, and utilize the most efficient and cost-effective methods for producing fresh fruits and vegetables in a more environmentally sensitive manner.

We believe resources of concern such as water quality and air quality should be prioritized for consideration. To that end, a specific air quality program must be established within EQIP. Much like the Administration's farm bill proposal places a priority on water quality, at EQIP, priority should be applied to air.

If we do this, then we must do one more thing, and it, like EQIP, is priority number one. Congress and USDA must recognize that the economics of specialty crop farming are entirely different than other aspects of agriculture. The adjusted gross income calculations and limitations either eliminate our industry from participation or reduce the value so as to make the effort less than worthwhile.

Next, the whole area of technical assistance needs great support in this title. Research leads to new and better ideas. The cost of implementation and /or acquiring the knowledge to implement is often left unsaid. Technical assistance can contain incentives to spread the knowledge and educate the end user, thus achieving the objective in a more timely manner.

The Emergency Conservation Program can be extremely valuable for a producer as they recover from a disaster. However, it too is limited in its application.

We will be suggesting new initiatives such as expansion of this whole title for the integrated pest management activities. Our industry has always been at the forefront of this type of pest management program but other commodities haven't had the luxury to be engaged in this more environmentally sensitive matter. More support and more flexibility to benefit all producers is necessary. Therefore, the expansion of the Conservation Innovation Grant Program is something we will support.

Now, as a native Californian and proud member of the specialty crop industry, I must remind you that 4,000 of our State's landowners are rejected when they apply to take part in USDA's incentive programs. This represents 68 percent of our farm families. Our State ranks 28th in conservation title funding. Obviously it is not from a lack of applications. I guess I can't say it any better than Secretary Johanns did on November 2, 2005. "Currently, program crops represent a quarter of production value yet they receive virtually all the funding. Ninety-two percent of the program spending was paid on crops. The farmers who raised the other crops, 2/3 of all farmers, receive little support from current farm programs."

That says it all. We desire a more balanced farm bill and farm policy. In conjunction with Congressman Dennis Cardoza, and members of this committee such as Congressmen Salazar, Costa and McCarthy, we have introduced H.R. 1600 to spotlight the issues that we think need to be implemented within the conservation title and the entire farm bill.

I thank you for your time and attention and look forward to any questions you may have.

Mr. HOLDEN. Thank you, Mr. Nelsen.

Mr. Foglesong.

STATEMENT OF STEVE FOGLESONG, NATIONAL CATTLEMEN'S BEEF ASSOCIATION, ASTORIA, ILLINOIS

Mr. FOGLESONG. Thank you, Mr. Chairman and members of the committee. I appreciate the opportunity to come here. Trust me, it is the highlight of my mother's week, so she thanks you as well. My name is Steve Foglesong. I am a cattle producer from Astoria, Illinois. I am the policy division chair for the National Cattlemen's Beef Association.

Cattlemen are true environmentalists. Generation after generation, we have been stewards of our Nation's land and resources. Our livelihood is made on the land and so being good stewards of the land not only makes good environmental sense, it is fundamental for our industry to remain strong. Some of the cattle industry's biggest challenges and threats come from the loss of natural resources. Our industry is threatened every day by urban encroachment, natural disasters, misinterpretation and misapplication of environmental laws. The conservation of our Nation's natural resources is imperative and cattle producers have a vested interest in keeping the land healthy and productive, keeping water and air clean, keeping wildlife abundant and keeping ecosystems diverse. We strive to operate in an environmentally friendly manner, and it is through the conservation programs in the farm bill that we achieve a partnership with the Government to reach these goals.

NCBA is a strong supporter of working lands programs within the conservation title of the farm bill. This includes EQIP, the Environmental Quality Incentive Program—I hate acronyms so I have to read them out for you—the Wildlife Habitat Incentive Program, or the WHIP program, Conservation Security Program, CSP, and the Grasslands Reserve Program, GRP. The goal of conservation programs should be to maintain a balance between keeping well-managed working lands in production and providing for the conservation and enhancement of both plant and animal species and

our natural resources. Given the limited resources that are available, NCBA would like to see overlap and redundancy in programs eliminated and the efficient use of scarce program dollars improved. Consolidation and streamlining as suggested in the Administration's farm bill proposal is one way to achieve that. We are happy to work with the subcommittee to make sure that any streamlining or consolidation continues to serve cattle producers.

The most popular program among the cattlemen is the EQIP program. In the 2002 Farm Bill, EQIP saw a large increase in funding. Even with that increase, there still remains a substantial backlog of applications for the program. NCBA supports increased funding for EQIP within the conservation title so that the program is able to provide more producers with financial assistance as they work to implement good conservation practices and projects. Livestock production happens largely without the benefit of a safety net like many commodity programs have. Environmental concern is one of the biggest threats to our industry. That said, NCBA supports the continuation of the provisions in the 2002 Farm Bill that devote 60 percent of EQIP funds to livestock. Although popular, EQIP has a few problems we would like to see addressed in the upcoming farm bill. I have detailed these problems more thoroughly in my written testimony.

Cattle producers across the country participate in EQIP but the practice of arbitrarily setting numerical caps that render some producers eligible and others ineligible limits its success. Addressing environmental solutions is not a large-versus-small issue. All producers have the responsibility to take care of the environment and their land and should have the ability to participate in programs that assist them in establishing and reaching achievable environmental goals. Accordingly, all producers should be afforded equal access to cost share dollars under programs like EQIP or other conservation programs intended for working lands.

Another category of livestock producers excluded from USDA by the EQIP program are custom feeders. USDA has decided that these producers do not share the risk of ultimate sale price of the animals that they feed and this exclusion for us is hard to comprehend. These producers feed livestock on behalf of others and are obviously agricultural operations. Their environmental profile is identical to every other feeding operation. They certainly share the risk of financial success on their operations even if not for the ultimate price of the individual animals that they sell. We urge the subcommittee to support changes in law to eliminate USDA's exclusion of custom feeders from EQIP.

Yet another sector of our industry that is excluded from USDA from qualifying for EQIP is livestock markets. The vast majority of livestock move through these markets where they are held until they are bought or sold. Livestock markets are regulated by the Environmental Protection Agency as CAFOSs, Concentrated Animal Feeding Operations, and thus are held to the same high environmental standards as other cattle feeding operations. Livestock markets share similar resource concerns with other livestock feeding operations and should be eligible for Government assistance to address these concerns in the form of EQIP.

The Grassland Reserve Program new in the 2002 Farm Bill proved to be hugely popular but very unworkable for many producers. NCBA supports continued funding for the GRP program to help conserve our Nation's working grasslands but there must be changes to the program. Unfortunately, many ranchers are skeptical of participating in GRP because they simply don't trust the Government. To solve this problem, the 2007 Farm Bill should give USDA more flexibility to allow private land trusts to hold and negotiate the terms of GRP easements.

When it comes to the implementation of USDA's conservation programs, it is imperative that we ensure adequate support and technical assistance to make these programs successful. Resources must be allocated to maintain adequate NRCS personnel at the local level to provide the technical assistance necessary to implement successful rangeland conservation programs. Ranchers need a dependable and qualified recognized source of technical assistance in order to meet rangeland conservation needs. USDA's conservation programs are a great asset to cattle producers. We want to see them continued and refined to make them more producer-friendly in delivering the programs and resources to the local NRCS personnel and the cattlemen they work with to get to these practices on the ground to enhance the environment and the species of plants and animals that live there. NCBA looks forward to working with the subcommittee to ensure any revisions to the conservation program to continue to serve the needs of the cattle producers across the country.

Thank you for this opportunity. I would love to have the opportunity to discuss and answer questions with you later.

Mr. HOLDEN. Thank you, Mr. Foglesong.

Mr. Wolf.

STATEMENT OF DOUGLAS WOLF, WOLF L&G FARMS, LLC, ON BEHALF OF THE NATIONAL PORK PRODUCERS COUNCIL, LANCASTER, WISCONSIN

Mr. WOLF. Good afternoon, Chairman Holden, Ranking Member Lucas and members of the subcommittee. My name is Doug Wolf and I am a pork producer from Lancaster, Wisconsin, and I am testifying today on behalf of the National Pork Producers Council. Like most everyone in agriculture, I have always taken responsibility to conserve and protect natural environment seriously, participating in many USDA and Wisconsin conservation programs.

The challenges pork faces in 2002 remain with us today. We are still waiting for EPA's CAFO rule, due out this summer. A new issue which we just commenced a major study on is the management of air emissions from livestock operations. Together, pork expects to continue its needs for conservation assistance under the 2007 Farm Bill.

Because there is a limit to the number of changes NRCS can manage, NPPC encourages Congress to continue USDA current conservation programs in the 2007 Farm Bill. However, this doesn't mean we are satisfied with EQIP's performance. Nothing could be further from the truth. Pork has received a paltry three percent of the total financial assistance funds made available by EQIP over the last few years. This is less than the share received by goats,

emus and ostriches, and we are deeply disappointed. We believe that modest refinement with little or no cost can provide improvements needed. First, EQIP's funding and emphasis on helping producers address regulatory requirements must be maintained. One improvement to consider is support for producers wanting to purchase individual tools on an a la carte basis for an existing environmental management system. These include things like GPS units, flow meters and injectors to help better manage manure and its energy value. It should also include installation of bio filters to improve air quality and lagoon covers to reduce greenhouse gas emissions. Right now instead of appreciating the cost-effective benefits these practices bring, producers are subject to a full EQIP evaluation and penalized for previous conservation investments.

Congress should also help NRCS develop at the state level separate funding pools so that producers are evaluated fairly. For example, AFOs should be in one category, row crops in another, and specialty crops in another. Frankly, it makes no sense for a hog farmer to be evaluated against a peanut farmer. This is comparing apples to oranges. The program also needs to be streamlined. One way is by recognizing the CAFO's state, federal water quality permits is equivalent to an EQIP plan. Finally, NRCS should continue to allow producers to use EQIP funds for the development of CNMPs, comprehensive nutrient management plans.

Regarding the Conservation Security Plan, I cannot emphasize enough the need to develop a program that is legitimately national in scope. Second, the program needs to be simplified so that both the agency and the farmer understands what it requires. It also needs to be more transparent for all involved. One way to make the program more practical is to tie payments to what it actually costs producers to adopt and maintain practices. At the same time, you need to reduce the number of tiers from 3 to 2. Finally, producers need more certainty and predictability in order to participate. We simply can't spend 80 hours on an application, wait an unknown time period and learn that there is no funding available for the program.

NPPC continues to support the Conservation Reserve Program when it is focused on retiring lands of the highest environmental and conservation benefits. We have significant concerns with current CRP contracts that could be productively involved in food, fiber, and feed production while still conserving the associated soil, water and wildlife habitat. Not surprising, this concern is only exacerbated by the dramatic increase in demand for corn for grain ethanol. In order to meet the country's future energy independence objectives, we must be able to generate ethanol from cellulosic feedstocks. CRP contract holders should be allowed to harvest biomass crops such as switchgrass for energy production without the loss of rental payments, taking environmental considerations into account.

Finally, considering the Nation's focus on energy independence, the 2007 Farm Bill needs to consider encouraging greater use of biofertilizers such as manure.

Thank you, and we look forward to working with the committee, and I will answer any questions.

Mr. HOLDEN. Thank you, Mr. Wolf.

Mr. Lail.

STATEMENT OF SLADE LAIL, AMERICAN TREE FARM SYSTEM, PLUMBDENT FARMS, DULUTH, GEORGIA

Mr. LAIL. Hello, my name is Slade Lail. I am a dentist from Duluth, Georgia, and the owner of Plumbdent Farms. It is a midsized tree farm in middle Georgia. I am here today as a representative of the American Forest Foundation and the American Tree Farm System. This organization represents nearly 90,000 family forest owners across the Nation. Overall, there are about 10 million family forest owners, over 600,000 alone in Georgia. Of these 600,000, at least in Georgia, we grow Georgia's highest valued crop and add about $23 billion to the State's economy yearly.

Just as important as these financial figures are the environmental effects that our forests provide for us. The EPA estimates that 70 percent of the U.S. watersheds flow through private forest lands and most of the threatened watersheds all depend upon good forest stewardship to help protect drinking water. Forests obviously also provide wildlife habitat for endangered species and some of the most prized game species. About 75 percent of all hunters and anglers pursue their sport on private land and that is just part of the story.

Markets for wood are shrinking and the value of our land is making it almost impossible to justify further investment in forestry. As many of you may know, a major change is occurring in forest ownership. Large timber companies are selling off property at a rather alarming rate. They are taking thousands of acres, breaking them up into 200-, 300-, 400-acre tracts and selling them to people like myself from urban areas. It is a great getaway, great hunting. The problem is, most people from the urban areas do not have the knowledge regarding how to properly manage these forests.

For some owners of property such as this, the opportunity to earn a return on investment through development makes a lot of sense and that is a great thing for some people to do but many family forest owners want the opportunity to consider other choices to continue good forest stewardship and forest conservation and that is why I am here in front of you today.

First of all, in many cases, we are already doing the right things. Forestry spending through EQIP totals about $20 to $25 million annually. Congress and NRCS from the leadership to the state conservationists have done a lot to include forest owners in EQIP and other programs like WHIP. Specifically, on my property, I have used EQIP funding for controlled burning, obviously reducing undesirable tree species, helping the timber growth, also reducing fuel on the ground for spread of wildfires throughout the year, especially from now until the end of the summer, also water bar control for water erosion, helping to improve water quality. These are just a couple of things I have been able to utilize through EQIP.

But many forest owners in most states have been unable to access this EQIP funding and other NRCS programs. It is mostly cultural, I understand. Obviously the NRCS was brought up from its infancy for a different reason for farmers and it is organized to do that and it does it very well. But there needs to be help for family forest owners as well to get in the door in every state so their con-

servation needs can be considered along with other rural landowners.

The other part of the problem is of course money. I know there is not a lot to do what we need to do now and especially for what is coming down the pike.

By assuring that all players, federal and state level, can come to the table and agree on a long-term strategy, we can identify the highest priority forest conservation needs and determine how and through which programs we can address them, set benchmarks for progress so we will know what works and what does not work, and whether we have accomplished the goals we have set for ourselves. Whether this is enacted through conservation title or a forestry title, comprehensive planning and transparent priority setting will benefit farmers as well as forest owners, whatever crop they grow.

There is much more I could say about this, the need to generate renewable energy from the forests or the need to develop ecosystem markets from environmental products that we can't from chip and saw but I guess to summarize, I would like to say that the funding through EQIP needs to be open to all landowners and equitable disbursement of the funds as well. I don't believe this is something that should be seen as an us versus them, not about farm states versus urban, red, blue, commodity versus timber. I think it is something that we are all in this together. I think we all share the ultimate goal here to keep rural America vibrant, a vital and growing part of our economy, our environment and our natural life.

Thank you.

Mr. HOLDEN. Thank you, Mr. Lail.

The Chair will remind members that we anticipate having two votes in the near future and also that we will recognize members in order of seniority as long as they were here at the beginning of the hearing and after that according to their time of arrival. I know Mr. Costa, who has to chair another subcommittee, and Ms. Herseth Sandlin, who also just left to chair another subcommittee, do have questions that they are going to submit for the record. Particularly since Mr. Nelsen is from Mr. Costa's district. So we will make every accommodation that we can.

Mr. COSTA. He is, and we do appreciate his hard work and the effort of the citrus industry. I have some questions we will submit for the record. Thank you, Mr. Chairman.

Mr. HOLDEN. Without objection. And I thank our witnesses for their testimony today and I just want to follow up on Chairman Peterson's and Ranking Member Lucas's opening comments where they pretty articulately identified the problem that we are facing with this budget. My father used to say everybody wants to go to heaven but nobody wants to die, and that is sort of what we are looking at here as we try to build on what we did in the last farm bill which I think everyone was pretty proud of. I know I was, and Frank was chairman of the subcommittee at the time and he also was, so we want to do that but we are not sure what our final resources are going to be and all of you identified some programs that you very much like and have enjoyed over the last five years and have asked us to build on those.

I would like to ask you, are there any areas that you can identify of conservation programs that have not worked as we face this pay-

go situation where we might have to move money around within agriculture? I would open up for anyone on the panel to suggest some areas where maybe there should be a disinvestment as opposed to reinvestment. These are the questions we are going to have to face. Okay. That is what I thought the answer was going to be.

Moving along, the EQIP program many of you if not all of you cited how important that is and how successful it has been, and we have been approach as we begin to write this farm bill to make some changes, a lot of what you suggested now, and I guess probably, because we can't ask every question of everyone. Maybe Mr. Elworth , Mr. Foglesong, and Mr. Nelsen, could address how you think the 60-40 split is going and how you think we should proceed in the future. I would be particularly interested, Mr. Nelsen, to hear what you have to say about specialty crops.

Mr. NELSEN. Here we will have our first disagreement, no question about it. I don't believe the 60-40 split works. It is as simple as that. The California specialty crop industry has many challenges and pressures on it. Our contemporaries in Texas and Florida, who we have networked with on a continuous basis, they too express frustration about the inability to access that program in a sufficient dollar amount, let alone have a number of their applications approved for any dollar amount. The formulas for accessing it, the dollar values associated with it. It just doesn't work for the economics of the specialty crop industry. There is a mandated split on that program that does not benefit an industry of our scope and size across the country.

The challenges that we are facing, particularly in California in our San Joaquin Valley, which is the number one agricultural area in the world, has to do with air and water quality. There are fewer acres in production but there are more challenges as more people inhabit it. Society wants us to change the method in which we do farming. In my particular case, if we are taking out a grove of citrus, which we have done, summer oranges as an example, there is no way to destroy it. We can't burn it. We can't have controlled burns. You can't chip it because our wood is not sufficient to do it. So we need the innovations through research, the technical assistance through this conservation title, and then finally, we need the ability through EQIP to start transitioning our farms and our equipment to access the equipment so we can chip a grove. Thirty-five thousand acres have been removed from the citrus industry in the last five years to satisfy consumer demand for certain commodities. That is piled-up wood, ladies and gentlemen, because we can't access the EQIP program to destroy that wood in a manner more efficient for what society wants us to do. I could go on and on but I think that answers your question to the degree we—EQIP has to be modified from our perspective. It has to be funded better from our perspective so that we across the country in the specialty crop industry can access it.

Mr. HOLDEN. Mr. Foglesong?

Mr. FOGLESONG. Mr. Nelsen and I, even though we are sitting next to each other, probably are not going to agree. Being the cattle trader that I am, I was going for 75 percent.

Mr. HOLDEN. I was going to say, that was a meeting I had earlier this morning.

Mr. FOGLESONG. You have got to go somewhere, but that is our perspective and I guess the reality, the way I look at it anyway, I view the EQIP program as the first thing that livestock producers really from a Government program perspective ever really got. My neighbors are all corn growers and I don't mean to be negative to anybody but they have beat a path back and forth to the mailbox for a long time to get that check and we are kind of in a different situation there. This was the first program where we really had the opportunity to participate in a Government program directly and we really like that and I am sure from the pork producers' perspective as well, and I am a pork producer as well as beef producer. So we really had an opportunity to do some stuff that we needed to do from an environmental perspective and we think 60-40 is as low as we want to go, but we will negotiate.

Mr. HOLDEN. Thank you.

Mr. Elworth, would you like to add something?

Mr. ELWORTH. Yes, just quickly, Mr. Chairman. We are nowhere near the point with specialty crop producers that we would even have to worry about the 40 percent. The participation has been very limited. NRCS is just now at a position where they can actually track specialty crop participation. So really, before we would want to address the 60-40 split or any targeting of the money, we would really want to address the issues of access. Our growers don't know about these programs. We need to make sure our growers know about the programs and how to use them, how to access the technical assistance and actually have access to the ability to plan, know the programs well enough to apply correctly, to rank high enough and I only aspire to having a problem with the current allocation.

Mr. HOLDEN. Mr. Jamison, the Susquehanna River runs through the largest city in my district, the state capital of Pennsylvania, Harrisburg, so I obviously hear an awful lot about the problems in the Chesapeake Bay. As a producer in the region, I was just curious, do you believe that farmers are engaged in the policy of the cleanup? Do you believe you have been given the opportunity to have input into the proposals being put forth?

Mr. JAMISON. In Maryland, we are heavily engaged. As you are probably aware as in your State, we have a mandatory nutrient management plan and we have to participate and we have to be in compliance as do your producers and we have certain programs in this state that we implement. We have cover crop programs that we are using that have been funded by, as they call it in Maryland, the flush tax, imposed on sewage systems. So that is part of our cleanup as we sit here and take a look at it. As in your State, animal agriculture is extremely important to both our States. How do you take care of some of the manure situations that arise from that without getting into those various watersheds that go through your State and my State?

Mr. HOLDEN. Thank you.

The Chair recognizes the ranking member, Mr. Lucas.

Mr. LUCAS. Thank you, Mr. Chairman, and since we have come out swinging, let us just keep going, guys.

I will start with Mr. LaFleur and Mr. Jamison. Let us talk about CRP and the cap at 39 million acres, the approximately 37 million acres in the program, and I most assuredly will come over to Mr. Foglesong and Mr. Wolf here in a moment. Your observations—and I realize you may not be in areas where CRP is a major player but nonetheless, on behalf of your groups, what do you think of the 39 million acres? Up, down, sideways?

Mr. JAMISON. It is our policy that we support the enrollment at its full capacity and we want it on the most sensitive, environmentally sensitive grounds, and not on the more productive grounds.

Mr. LAFLEUR. Certainly you are right. I am not a CRP expert by any means, but NFU wants to see CRP lands stay certainly at that 39 million acres cap and also see the focus remain on the environmentally sensitive grounds. But also we want to see the fact that CRP acreage not certainly be utilized for feedstock production but develop markets for feedstock production so this way we don't develop a chicken-and-egg situation where we do have no market for—there is no market for—if there is a market, there is going to be feedstock production. If there is no market, then there won't be feedstock production. But we do want to see producers be able to produce switchgrass and such for feedstock.

Mr. LUCAS. Back for a moment to Mr. Jamison's point about sensitive acres. Do you both support the concept of allowing land perhaps that arrived in the '80s that might not be defined by the modern definition as environmentally sensitive as other lands, do you support the concept of those kind of productive acres coming out and making room then for land with a higher environmental sensitivity going in?

Mr. JAMISON. Personally, I think it has to be number one what this agency thinks, but also what the landowner wants to do to a point. They could come out if you have got better and you set the criterion for that, for more environmentally sensitive lands, and what are those, and obviously that is a debate on itself.

Mr. LUCAS. Mr. Foglesong, Mr. Wolf, if you would care to touch on this subject, I think you might have an interest in it.

Mr. WOLF. Yes, we have worked on this for quite a while now, probably for over a year. Our opinion, if I can speak for the NPCC, is that we think the CRP ground is important but it has to be in a sensitive area as you had just asked. The ground that doesn't meet the sensitivity level needs to be taken back out. We need production of grains. Our biggest fear is the day that we can't feed our livestock, and the animal welfarists that we are, we want to make sure that we have enough feed to make sure our animals are well taken care of. So we have no problem with the 39 million acres but it needs to be the sensitive ground and not the good ground.

Mr. FOGLESONG. From our perspective, looking at it strictly from an environmental standpoint, if those lands are sensitive, they need to stay in. From the cattle feeder perspective, I want to plant corn fencerow to fencerow, you know, whatever it takes, but the reality of it is, there is a balance in there that we need to meet, and if some of those lands that you mentioned before that were put in later that aren't as environmentally sensitive can come out and go

back into production and make room for other land that didn't get the opportunity to get in there, we would be all about that.

Mr. LUCAS. Exactly, and I think that is a critical point. The 39 million acres is a number that I believe most of our colleagues in Congress will support. Certainly there are lands though that came in the '80s when it was more of an economic issue than an environmental issue that just perhaps 1, 2, maybe 3 million acres that a good trade-out would be the appropriate thing to do. With you, Mr. Foglesong, discuss for a moment, expand if you would about the custom feeder and livestock market issue in EQIP.

Mr. FOGLESONG. Okay. I wasn't involved with the original case on this but the problem is custom feeders don't necessarily take part in the risk of owning those cattle. You know, they feed them, they run a hotel and they get paid, you know, yardage and they take care of their feed bill but they actually don't own them. Very seldom though are there custom feed yards that don't own some of the cattle in that yard but because they are custom feeders, generally speaking—and part of the deal is, through the tax code, how they file their taxes. They don't necessarily file it as a Schedule F and that is probably from a corporate—I am not sure what all that is about. But because of the way they manage their business, they are excluded from the EQIP part of it. Somebody who is not a custom feeder right across the road that is feeding all their own cattle, owns a feed yard, he does qualify for it. You know, we have got the same environmental concerns regardless of how you get paid. It doesn't make any difference from that perspective. So our perspective is that we need to make sure we include those custom feeders because some of those are really, really large yards that have the opportunity and can certainly use that EQIP funding to take care of some of these environmental problems.

Mr. LUCAS. One last thought, Mr. Chairman, and my time is expired, but we have all talked about the merits of CSP and how we would all like to participate and make it available to everyone. Listening very carefully to Chairman Peterson's comments about the budget situation, he is trying, I think, to prepare all of us for a challenge that lies ahead of us in the next few weeks but in hearings last year in this very Subcommittee, we had very credible witnesses who pointed out in order to make CSP available to everybody, CSP to everybody, it would take $10 billion more a year. That is a lot of money and I am not sure where you could come up with that, even in the best of times let alone the challenges we face now.

Thank you, Mr. Chairman.

Mr. HOLDEN. The chair thanks the Ranking Member and recognizes Mr. Kagen from Wisconsin.

Mr. KAGEN. Thank you, Mr. Chairman.

Mr. Wolf, you have testified as others have about the difficulties in navigating the conservation programs and getting financial assistance, so what changes specifically should we create? How do we make it easier for you to access the money you are all seeking?

Mr. WOLF. To me, I think it would be a streamlining, just a simpler application would work much better. Things get too complicated. They try and create—maybe is a sorting mechanism but

I think they could just do things simpler, simplify the questionnaires.

Mr. KAGEN. One form will fit all?

Mr. WOLF. I would think you could do that. I really do.

Mr. KAGEN. Speaking as an allergist, I have to encourage all of you to be more successful because I have seen patients allergic to cranberry, corn, citrus, beef, pork, and the trees produce enough pollen this time of year to stimulate fundraising for many a candidate.

So Mr. Lail, about trees, should the Government consider redefining tree as an agricultural product?

Mr. LAIL. I don't know as far as an agricultural product but it is definitely a crop. It is a long-term crop. It is not a year-to-year crop. We are talking initially 15 years on up to 35 years of age but yet it is one that has to be taken care of on a year-to-year basis. That is why we have our interest with EQIP in maintaining that forest as the tree timber grows.

Mr. KAGEN. We have a lot of forests in northern Wisconsin and most of the loggers and the mills are having a major economic problem right now, so how do you think this bill could help them?

Mr. LAIL. I don't know. I am not an expert on the subject. I wouldn't feel comfortable answering that.

Mr. KAGEN. Thank you very much.

Mr. Nelsen, you mentioned fair trade. What can we do to help you get fair trade, balanced trade?

Mr. NELSEN. Well, in our H.R. 1600, sir, we have addressed that rather extensively on how we can improve the farm bill to assist specialty crop producers as it relates to trade. But so many of the programs that we are speaking of today are being mirrored over and we know extensively about what is going on in Spain and in other countries, and in those countries, Spanish citrus farmers are getting greater assistance for their irrigation programs. The cost of underwriting low-volume irrigation is being underwritten by their Government. The fees associated with land transfers as generations change, that is being underwritten by the Government. The replacement of trees to more suitable varieties of citrus, take for example, our summer Valencia orange versus the Mandarin tangerine that you call it. That is being paid for by the Spanish Government in Spain. We are losing market share as a result of those costs being absorbed by their farm bill and those are direct out-of-pocket expenses for us presently. So that is the type of activities that if we initiate through our farm bill the ability for us to remain competitive or become more competitive, then we can fight the battles in the marketplace, but our costs are so much greater than our competitors overseas through their farm bill programs, through their conservation title, that we are losing ground, sir.

Mr. KAGEN. You mentioned your expenses in your business and overhead, and being a small-businessperson, I understand what overhead really means. Would it be a fair statement that your health care expense and your energy expense are two of your largest expenses in all of your businesses?

Mr. NELSEN. Oh, don't get me started there. Most definitely. Our health insurance rates and our employees, all 14,000 of them, are covered by health insurance to some extent or another. We have a

workers' comp program in California that we just got modified. Our energy costs are a major component both from nutrients and soil amendments to both moving the equipment in and out of the field and transporting, candidly, approximately 60 million cartons of product around the country. We do that every winter. Then there is another 40 million cartons of citrus during the summer, spring and fall that we move in addition to that. Energy costs are a major component of our problems.

Mr. KAGEN. Well, I am going to work real hard for all of you to try and reduce your health care costs. It is an unfair advantage for Europe and Central and South America where they don't even have it, so I will be working real hard, and I yield back my time.

Thank you, Mr. Chairman.

Mr. HOLDEN. Thank you, Mr. Kagen.

We still have about 12 minutes left in the vote, so Mr. Space.

Mr. SPACE. Thank you, Mr. Chairman, and I will be brief, given the time constraints.

I would like to thank you gentlemen for being here today. I come from southeastern Ohio, Ohio's 18th district, which is very diverse agriculturally. We have got beef cattle, dairy, hog, poultry, grain, fruit, just about all that the Midwest has to offer. Recently we did a tour, spoke with hundreds of farmers, so dozens of farms, and the overwhelming reaction to the conservation program has been positive but one of the things we tried to do was identify potential weaknesses and I think perhaps Mr. Foglesong, you might be the best person to answer this although feel free to jump in. One of the complaints that we received in our farm tours about the EQIP program was that the technical standards applicable to certain projects were such that it was more expensive even after consideration of cost sharing to apply for and receive and the funds than just to do it on their own. I had a couple of farmers, for example, that put in manure pads that were able to do so less expensively and not take advantage of the EQIP monies, and given our budgetary constraints that we have discussed and we are all aware of, I am just curious as to whether you feel that perhaps some of the plan of operations or the technical standards applicable to EQIP funds are especially onerous or could be modified to make those programs more affordable and attractive.

Mr. FOGLESONG. Somebody fed you this question because it falls right into my—my personal experience with the EQIP program has been less than stellar. In a number of cases, it is a whole lot easier for you just to build your own deal and not take any of the cost-share dollars at the end of the day, and in Illinois we have got a deal called the Illinois Livestock Management Facilities Act that supersedes everything as far as the construction of buildings, uses engineering standards that have been scrutinized and the standards that we get from NRCS are higher than that and just continues to drive those costs up to the point where you are just better off not to do it, and that is probably the biggest issue that I personally have run into, that and faulty engineering and science on what this could cost. You know, there is nobody that is any better at delivering these programs and figuring out what he needs on his own place than the guy that is probably running it, and when we get into situations that we have gotten into as we are getting fed infor-

mation, and I don't know where they have come up with, you know, what their standards are but they spend so darn much money, you can't afford to do the project. I will give you a quick example. We were supposed to put water tanks on a 1,200-acre parcel that we have at my place. We are supposed to put them every 800 feet. Now, I got cows that walk miles. If you go west of the river very far, it is nothing for them to walk 2 and 3 miles to get a drink of water, but in my State they wanted us to build them and, you know, we were going to spend $3,000 per site on all these. Terrible. It is a total waste and we walked away from it because it didn't make any sense to spend your money and mine, you know, on doing something that is totally ridiculous. Those are the kinds of things that really get us in a jam.

I guess the other probably biggest problem with the EQIP program, cattle producers as a group deal on a very sound principle, you know, a deal is a deal, and if you shook hands on a deal, that is the way it is going to be, and the problem that we have, and what I would expect would be that same standard should be applied when I am dealing with my own government, and in a number of situations here, that has not been the standard. Those standards have changed or they changed the deal after the fact and that keeps an awful lot of cattle producers from wanting to do business with their own government.

Mr. SPACE. Thank you, Mr. Foglesong.

I yield back.

Mr. HOLDEN. Thank you, Mr. Space.

Ms. Gillibrand, we have 10 minutes left in a vote so we have time to proceed if you would like to.

Ms. GILLIBRAND. Sure. We had the opportunity to talk to the head of the agriculture for the President and talked about his proposal about what the President wanted to do and one of the things he talked about was the consolidation of a lot of these programs, of these conservation programs. What is your opinion of that consolidation suggestion made by the Department of Agriculture and what is your thoughts on whether that will be efficient or not? Because one of my big concerns is that we have such a tremendous backlog right now and I just think that may continue to affect that negative, so I would like your impressions and thoughts and guidance on that.

Mr. NELSEN. Let me try that if I may. Presently, the Department of Agriculture is reorganizing its foreign agricultural service. This is a double-edged sword. The issue of reorganization and simplification sounds good and I think all of us as businesspeople would be supportive of that. It is the implementation of that effort that creates the problems. Right now the jury is still out whether or not shifting the boxes in the foreign agricultural services from 8 to 12 is more efficient. They argue it does. We are sitting here from our side of the spectrum suggesting let us wait and see. I want to believe what the Administration says and what the Secretary of Agriculture believes will truly come out and become a more efficient program, easier applications, quicker turnaround time in terms of the applications and the rewards but the implementation of it is a very critical component of that.

Ms. GILLIBRAND. And when you talk about implementation, what are you exactly referring to? What would you like to see different in the current administration of these programs?

Mr. NELSEN. I believe some of these programs, I won't say several because I am not familiar with them all but I believe some of these programs can be combined so that you can have one senior management and enough of an implementation team to actually work on more than one program at a time. We get so insulated in our efforts and job justification comes into play that we can reduce our overhead. These are smart people. They are well meaning people, they are well-intended people and they work hard but sometimes you do have to shake some things up. So from my perspective, we are supporting this effort. The specialty crop industry will support the efforts, Citrus Mutual will support the effort, but we are going to have to maintain our engagement as a stakeholder to see that no slippage occurs.

Mr. LAFLEUR. Certainly from a producer's perspective, one of the complaints that I hear quite frequently is the fact that there are so many alphabet soups, different programs out there and some of them do overlap. I think that there is a need to try to consolidate some of them, and in particular, especially when we do have producers that are going forward on multiple programs, and in my testimony I mentioned the fact, the requirement of one conservation plan but we have had situations where a producer may be going in for, let us say EQIP and then also going in for CRP or such and they have to develop multiple plans for the same agency, so there is definitely opportunities in the management perspective to try to consolidate some of this and make it easier for the producers to understand and thus access and also reduce the workload for the staff in the field.

Mr. ELWORTH. I would just add that producers are often not necessarily aware of what the acronym of the program is that they are using. They are much more concerned about the practice and the relationship on the ground but I think Jeff is right. It would certainly help staff at the field level to administer these programs. Sometimes they are juggling 2 or 3 different programs in the space of trying to meet the needs of a producer and they also really, because of the additional work for them, as do many things in this farm bill, makes it less likely they will get out in the field to actually see a farmer and his operation.

Mr. JAMISON. There will probably be some producers upset with it but the reality of life is, as the Chairman mentioned, Mr. Peterson mentioned, where is some of the money coming from and if it can be done where you can have multiple programs run by one set of individuals, I expect in the end, whether we like it or not, it is probably going be a reality of life being driven from a budget standpoint.

Mr. FOGLESONG. One thought that I had, the local guys really do a really good job of being able to deliver those programs but sometimes they have so many programs that they are having a hard time grasping them, and they need a toolbox, and the bottom line on all these conservation programs is to get those practices delivered to the ground, you know, and if they jut have that toolbox and have the flexibility to work you in and out of different programs

with different structures so you didn't have to spend so much time in the office doing a mountain of paperwork and actually deliver those programs, their 4-day workweek would be a lot more productive.

Ms. GILLIBRAND. Thank you very much.

Mr. HOLDEN. The Chair thanks Ms. Gillibrand and thanks all of our witnesses for their testimony and their answers today. We are in the midst of four minutes left in a vote so we will dismiss the first panel and convene the second one as soon as we return from votes.

[Recess]

Mr. HOLDEN. I would like to welcome our second panel: Mr. David E. Nomsen, Vice President of Government Affairs, Pheasants Forever and Quail Forever, on behalf of Agriculture and Wildlife Working Group and the American Wildlife Conservation Partners, Garfield; Minnesota; Mr. Ralph Grossi, President, American Farmland Trust, Washington, D.C.; Mr. Olin Sims, President, National Association of Conservation Districts from McFadden, Wyoming; Mr. Thomas W. Beauduy, Deputy Director and Counsel for the Susquehanna River Basin Commission and my landlord in Harrisburg, Pennsylvania; and Mr. Ken Cook, President, Environmental Working Group, Washington, D.C.; and Ms. Loni Kemp, Senior Policy Analyst, Minnesota Project, Canton. The chair would ask all witnesses if they could try to keep their comments to five minutes and reserve their entire statement for the record.

Mr. Nomsen, you may begin.

STATEMENT OF DAVID E. NOMSEN, VICE PRESIDENT OF GOVERNMENTAL AFFAIRS, PHEASANTS FOREVER AND QUAIL FOREVER, ON BEHALF OF AGRICULTURE AND WILDLIFE WORKING GROUP AND THE AMERICAN WILDLIFE CONSERVATION PARTNERS, GARFIELD, MINNESOTA

Mr. NOMSEN. Thank you, Mr. Chairman. Members of the Committee, my name is Dave Nomsen. I am from Garfield, Minnesota. In my role at Pheasants Forever, I serve as co-chair for the Theodore Roosevelt Conservation Partnership's Agriculture and Wildlife Working Group. As if we don't have enough acronyms for all of our great programs, I am going to add a couple of new ones for you here in the next moment or two, the AWWG partnership. I also serve as the vice chair of the American Wildlife Conservation Partners, basically a coalition of basically all of our Nation's hunting and fishing and sporting organizations, and I am excited to talk to you today about some common priorities that all of the members of these two coalitions have concurred upon.

It has been a long process. It has been a couple of years in the works but through the Agriculture and Wildlife Working Group, there is about 16 organizations in that particular coalition, hunting and fishing groups and conservation organizations, national land protection organizations and others, and we went through a process of taking input from farmers and landowners, from foresters, from Department of Agriculture personnel, Congressional staff, resource professionals at state and federal agencies, and the results of that effort are published in a document entitled "Growing Conservation in the Farm Bill." The American Wildlife Conservation Partners, as

I mentioned, is a large coalition of conservation and hunting organizations. There is about 41 total members of that particular coalition and I am excited to tell you today that 36 AWCP member organizations have signed on to these same priorities that I am going to briefly review in just a moment.

Please let me add that having done several farm bills, and I am really pleased to be here before you today representing not only the most comprehensive array of conservation priorities offered by this group but it is supported by the largest coalition of groups that I have ever had a chance to testify for here on farm bill conservation programs.

I am not going to review each of the priorities. Certainly you can look through those in my testimony. But our priorities are built upon a number of proven successful programs. I am talking about things like CRP and WRP, the Grasslands Reserve Program that has had tremendous interest and has a huge backlog, the Wildlife Incentives Program. We talk about a new program for access. Many members of our particular organizations are concerned about access to lands for recreational opportunities, hunting and fishing and that type of thing, and we see that as an opportunity to not only provide access but also to do management for fish and wildlife resources on those same acres at the same time. We have recommendations regarding the Conservation Security Program, the Farm and Ranchland Protection Programs. We talk about biofuels and how it may or may not fit with conservation and offer some guidance on how to do conservation-friendly biofuels, especially cellulosic renewable biofuels programs. We talk about a new provision to help save threatened remnant prairies, especially mid-grass and short-grass prairies that are being converted at an alarming rate, and we also address that in our testimony.

So let me conclude by just saying on behalf of these literally tens of millions of members of our organizations and others that we thank you for the opportunity to testify here today. We certainly look forward to building upon the successes of the 2002 Farm Bill, a very comprehensive array of programs, some new programs, and we certainly think that is our challenge to do that once again and we look forward to working with you in that process. Thank you very much.

Mr. HOLDEN. Thank you.

Mr. Grossi.

STATEMENT OF RALPH GROSSI, PRESIDENT, AMERICAN FARMLAND TRUST, WASHINGTON, DC.

Mr. GROSSI. Thank you, Mr. Chairman, members of the Committee. My name is Ralph Grossi. I am a third-generation dairy and beef producer from north California but I am here today in my capacity as President of American Farmland Trust, a position I have held for 22 years.

The farm bill's incentive-based conservation programs are critical to cleaner water, improved air quality, expanded wildlife habitat and the protection of land for future generations. We have some proposals and improvement that I would like to review for you.

The first is to increase an investment in environmental quality. You have heard here about the thousands of farmers who are

turned away each year for a lack of funding in the conservation programs but increasingly many farmers are simply not bothering to apply for conservation programs due to the lack of funds and the confusing and often redundant application process. The Nation must do better in matching financial commitment with this high level of interest among farmers. This is especially critical as we enter an era of intensifying pressure on productive farmland due to the growing renewable fuels industry. As more producers forego their traditional corn-soy rotations and as marginal lands are brought into rural crop production, increased soil erosion along with additional fertilizers and other nutrients can be expected. While we are pleased to see farmers have this new economic opportunity, increases in working lands conservation funds are needed to mitigate the negative environment consequences of this expansion. Specifically, we urge you to increase the authorized funding for the Environment Quality Incentives Program.

Secondly, we think there are ways to improve the effectiveness of cooperative conservation. To improve on the current a la carte approach to conservation, a competitive grants program should be established to promote multi-producer collaborative conservation efforts. Cooperative conservation partnerships will improve the effectiveness of existing conservation programs by focusing conservation implementation and by attaining critical mass.

Thirdly, increased conservation by leveraging dollars. The 2007 Farm Bill should create a conservation loan guarantee program to help farmers and ranchers finance conservation measures on their lands. This new program would fill a void in the current system for farmers unable to qualify for cost-share assistance whether because of the lack of cost-sharing dollars, different needs compared to the current year's conservation priorities or because the producer exceeds cost-share caps. A loan guarantee program would also help producers amortize their share of conservation system costs if some cost-share became available at a later date. This is particularly helpful to socially disadvantaged farmers. Government-guaranteed private-sector loans with a reduced interest rate for producer borrowers would provide a highly leveraged way for federal dollars to boost implementation of conservation practices. Specifically, we have proposed that USDA be given the authority to guarantee up to $1 billion of loans with additionally authority to buy down the effective interest rate to qualified buyers.

The fourth recommendation is of course the Farm and Ranchland Protection Program. This is a critical program to helping preserve working farms and ranches across the country in the face of increasing urban pressure. A growing web of bureaucrat rules and regulations has beset this program, making it difficult for some state and local programs to utilize available funds. The 2007 Farm Bill should eliminate duplicative requirements and streamline the program to make it more responsive to the many diverse Farm and Ranchland Protection Programs at the state and local level. Specifically, reforms to FRPP would allow those state and local programs with proven track records of success in protecting farms and ranches to receive funding in the form of grants. They should also be given the authority to use their own well-established procedures and policies in the execution of their projects.

Another important issue is the Farmland Protection Policy Act. Passed in 1981 as part of the 1981 Farm Bill, it was landmark legislation. Unfortunately, the application of the law has fallen short of what was originally envisioned. federal projects and actions have contributed to the direct and indirect conversion of valuable and irreplaceable agricultural lands across the country. We should reform the FPPA to strengthen its original intent and make sure that the impacts of federal actions on agricultural lands are adequately addressed in the planning and assessment process.

And finally, we urge you to strengthen stewardship rewards programs for all farmers and ranchers. In 2002, our Nation committed to a new vision of farm support, a way to support those farmers who are good stewards of the land and who inspire others to reach higher levels of environmental performance. I am of course talking about the Conservation Security Program. During the course of the last five years, this program has unfortunately not fulfilled its promise. I believe, however, that the concept of a rewards program is valid and has very broad support among farmers and the general American public. I urge the Committee to again examine the ideals behind CSP, recommit to needed funding and find a more workable green payments program as an additional stream of income to reward producers for their stewardship of our Nation's natural resources.

Thank you, Mr. Chairman.

Mr. HOLDEN. Thank you, Mr. Grossi.

Mr. Sims.

STATEMENT OF OLIN SIMS, PRESIDENT, NATIONAL ASSOCIATION OF CONSERVATION DISTRICTS, McFADDEN, WYOMING

Mr. SIMS. Mr. Chairman, Mr. Lucas, distinguished members of the Committee, good afternoon. My name is Olin Sims. I am president of the National Association of Conservation Districts, known as NACD, another acronym for us to work with, and a rancher from McFadden, Wyoming. On my family operation, we run a 700 cow-calf operation on 22,000 acres of deeded private state and federal leases in southern Wyoming.

Across the United States, nearly 3,000 conservation districts are helping local people to conserve land, water, forests, wildlife and related natural resources. NACD believes that every acre counts in the adoption of conservation practices. We support voluntary incentive-based programs that provide a range of options, providing both financial and technical assistance to guide landowners in the adoption of conservation practices.

The 2002 Farm Bill assisted producers across the country, but in my area, the conservation programs are the farm bill. My access to farm bill programs and assistance has been limited to conservation programs and I am happy to have had the opportunity to participate in several of the program.

This past fall our ranch installed two miles of stock water pipeline and tanks that allowed us to alleviate impacts to riparian areas, control invasive species and better manage our rangeland resources to alleviate the chance of overgrazing. This was all done working with my local conservation district and the NRCS that

provided the technical assistance prior to entering into an EQIP contract.

We are currently working with the Wyoming Game and Fish Department to use livestock grazing as a land treatment for elk habitat enhancement on a nearby wildlife habitat unit. The project has allowed us to demonstrate the beneficial importance of livestock grazing as a management tool to improve wildlife habitat by incorporating the abilities of private landowners in managing public resources.

The comments on the conservation title of the farm bill that I provide to you today are based on recommendations approved by our board of directors which includes one member from all 50 states in the U.S. Conservation districts have a unique role in conservation program delivery. Our members and conservation district employees work with landowners, federal and state agencies to deliver programs, technical assistance, and guide local decision-making. We listen to our customers regarding program implementation. NACD's recommendations focus on a priority for working lands conservation programs.

We believe there should be consolidation and/ or streamlining of programs to ease program delivery, making them easier for producers to understand and apply for and easier for field staff to administer. All working ag lands should be eligible for these programs including non-industrial private forest land, fruits and vegetables, livestock row crop and small production lands that may border urban areas.

To this end, we recommend two working lands conservation programs, a modified EQIP program and a streamlined CSP program. NACD recommends combining the programmatic functions of the cost-share programs of the WHIP program, the Forest Land Enhancement Program and the Ag Management Assistance Program and the working lands components of the Grassland Reserve Program into an enhanced EQIP program.

The existing CSP program should be modified into a top-level conservation program for the best of the best in natural resource protection on their operation. This upper-level program should have clearly defined criteria so producers can plan ahead, know what the requirements are to participate and should be available nationwide.

NACD supports maintaining the two land retirement programs, the Conservation Reserve Program and the Wetlands Reserve Program. The CRP program should continue to focus on special initiatives, continuous sign-ups and CREPs. CREPs have been very successful in leveraging state dollars for additional natural resource protection.

The WRP program has been successful in the restoration of wetlands, improving water quality and wildlife habitat.

NACD supports retaining the Farm and Ranch Lands Protection Program and including elements of the Healthy Forests Reserve Program. The FRLPP has been very successful in the Northeast and we need to continue to ensure that this program works in other parts of the countries, includes forest lands and works in coordination with state programs.

We also support reauthorization of the Watershed Rehabilitation Program, the Great Lakes Basin Program and continued authorization of the RCND counsels.

The Conservation Technical Assistance Program outside the authorization of the farm bill allows NRCS offices at the local level to work with conservation districts, landowners and state and local agencies to address local resource concerns. CTA assists in farm bill conservation program delivery by working with landowners and operators up until the point which they commit to a farm bill program. Technical assistance is utilized once again in the plans for program design, layout and implementation. CTA is also critical to working with landowners and operators that may have smaller operations and may not be typical USDA program customers and need added assistance to prepare them for participation in conservation financial assistance programs.

The 2002 Farm Bill was a hallmark for conservation in this country and we hope the 2007 Farm Bill will maintain this commitment to conservation. Conservation districts believe that every acre counts from a conservation perspective and that the farm bill needs to bring its conservation benefits to all producers on all ag lands.

Thank you, Mr. Chairman, for the opportunity.

Mr. HOLDEN. Thank you, Mr. Sims.

Mr. Beauduy.

STATEMENT OF THOMAS W. BEAUDUY, DEPUTY DIRECTOR AND COUNSEL, SUSQUEHANNA RIVER BASIN COMMISSION, HARRISBURG, PENNSYLVANIA

Mr. BEAUDUY. Thank you, Mr. Chairman, Mr. Lucas, Subcommittee members, Chairman Peterson. We appreciate the opportunity to be here today to present testimony on this important issue.

By way of background for the members, the SRBC is a federal interstate compact commission. In our basin, we are monitoring and assessing water quality, and on the water quantity side, we regulate allocations, diversions and consumptive uses.

The basin itself is a fairly large basin, one of the largest in the east. It is home to some of the best productive ag lands in the United States and provides over 90 percent of the freshwater flow to the upper Chesapeake Bay and 50 percent of the freshwater flow to the bay overall.

As is the case in other regions of the country, agriculture is central to the fabric of our basin. It comprises 21 percent of the land resource base of the basin and is significant economically, environmentally and culturally. Coupled with forest lands, which comprise 69 percent, these open-space lands comprise 90 percent of our land resource base and define the basin's rural identity.

The conservation programs administered by USDA, particularly as they were expanded by the 2002 Farm Bill, have become critical both to sustaining agriculture and simultaneously minimizing its impact on the water resources of the basin. This holds true for the receiving waters of the Chesapeake Bay as well. As you know, we have got a nutrient problem both in the basin and baywide, and

the conservation title is critically important to our nutrient reduction strategy.

Reducing the nonpoint source nutrient loads, particularly from agriculture, because it is a major contributory source, is central to that reduction strategy.

I will admit to you, unlike most of the other organizations presenting testimony here today, that the commission has not been actively engaged in the current deliberations over the provisions of the 2007 Farm Bill but what we are engaged in is the act of management of water sources in a significant eastern United States river basin, and from that vantage point, we understand and support the efforts to enhance both programmatically and financially USDA's conservation programs under the 2007 Farm Bill.

We can appreciate your challenge in sorting through the emergence of various regional proposals, especially given the desire to bring fruition to a truly national farm bill and something that is within budget, I might add. We appreciate that very much.

Coming from this region, it is obvious and easy to embrace a proposal like the Van Hollen proposal or other regional proposals that would benefit the region uniquely, but in the interest of time and because we are really here to try to offer a bottom-line perspective on what we think is important not just for our basin but for the country, I would like to just divert from my written comments, Mr. Chairman, and just speak to an issue that we think captures it fairly well.

It doesn't seem appropriate for the region to expect that the obligation to reach its nutrient reduction goal should be carried on the back of the farm bill exclusively. Ag didn't cause the problem exclusively and shouldn't be looked at to exclusively solve it either. Having said that, we do think it is appropriate to rely on the conservation title to assist the ag community in the region to meet its portion of that obligation.

We all know the cost of regulation affects business and sometimes substantially. Performers in regions of the country where nutrient impairment has reached a high enough level that they are confronting the regulatory implications of a TMDL, targeted assistance is vital to keeping those operations in business. I realize you aren't going to throw money at the Bay Region just because it is the Bay Region but I do think it is appropriate for you to consider directing funds and facilitating greater program participation to any area of the country, including the Bay Region, where farmers are facing an acute and heightened need due to a formal nutrient impairment designation and the obligations that come along with that designation and as a result having a TMDL hanging over the heads of that industry. It is vital to the sustainability of agriculture in those areas that it receive special assistance in order to be able to meet that burden and be competitive.

All farmers face burdens but this class of farmers faces even greater ones. As someone who lives and works in one of those areas and someone who appreciates how important it is to maintain our regional agricultural base, we honestly believe that going the extra mile in the conservation title for any of those farmers anywhere in the country is sound public policy.

Finally, in discussing programs designed to address water quality concerns, the commission believes that consideration should be given to an issue that traditionally had been on the water quantity side of the house. We believe that ensuring programmatic coverage to acreage known as critical aquifer recharge areas is important not only in a quantitative sense but a qualitative sense as well. Geologically, these areas have a very high recharge productivity. They are land surface areas that are responsible for a disproportionately large fraction of the groundwater recharge in a given area. Delineation and protection of these areas are significant not only for regional groundwater availability but for the maintenance of base flow of streams.

During low flow conditions, that base flow is critical for aquatic health, water supply and importantly, for the assimilative capacity related to water quality. Also, because of their high recharge productivity, they can unfortunately act as aggressive conduits for surface contaminants including nutrients to the groundwater aquifer. That degraded groundwater ultimately discharges as base flow and adds to the nutrient load that we are trying to address.

For all these reasons, we believe such areas genuinely constitute environmentally sensitive areas and are worthy of consideration, whether in CREP or any of the other conservation programs under consideration. I think it would be appropriate to include them to advance the water quality objectives that the conservation title is intended to address. Importantly, it would also advance a truly integrated approach to water resource management.

Mr. Chairman, I appreciate the opportunity to present these comments and look forward to questions from the members.

Mr. HOLDEN. Thank you, Mr. Beauduy.

Mr. Cook.

STATEMENT OF KEN COOK, PRESIDENT, ENVIRONMENTAL WORKING GROUP, WASHINGTON, DC.

Mr. COOK. Thank you, Mr. Chairman. I appreciate the opportunity to summarize my remarks today. I have had the opportunity to appear before this Subcommittee on many occasions in the past. It has been a while though. My staff is through carbon-dating techniques trying to determine just how long it has been, but I very much appreciate the opportunity to be here today.

I was struck in this panel and in the one that preceded it with the number of original ideas, strong ideas, both for refocusing and improving our conservation programs and also by the number of ideas and proposals to expand them. We aren't short of ideas. We aren't short of applicants but we have been short of money, and one of the things to I think point out as we consider the upcoming farm bill debate is the number of times over the past decade and a half or more that conservation programs that have been authorized in the farm bill have been cut deeply, billions and billions of dollars, and I think that helps explain some of the ambition you are hearing from this panel and the one before to try and do something for voluntary incentive-based programs that you see widely supported.

I have two general points to make in my testimony. The first is just how incredibly important conservation is to the members of

this Subcommittee. We have heard from two panels about how important it is to farmers and the environment. Well, the numbers we present in our testimony suggest it is also a big deal economically to agriculture. That wasn't the case 20 years ago when this Subcommittee established the Conservation Reserve Program. It wasn't really the case even in 2002 when Mr. Lucas pushed through gigantic increases in the EQIP program but it is getting to be true now. It would be even truer if we hadn't seen so many cuts over the years.

Just a couple of numbers to mention. The members of this Subcommittee alone just in the last three years, their districts have received $1.6 billion through the conservation programs, $1.6 billion, 162,000 beneficiaries of those programs and we break it down member by member. It is just about $10,000 apiece on average over those three years between 2003 and 2005. That is money that is supported by and large by the entire conservation and environmental community and lots of people in agriculture.

To look at it in a little more detail by a few districts, we have seven districts on the Committee who received more than $100 million over just the past three years. In terms of the number of recipients, seven districts had over 10,000 beneficiaries, and as I mentioned earlier, an average of about $10,000 over those three years. In some districts, it is much more. We can only imagine how much more it would have been over time again if we hadn't seen some pretty significant cuts year in and year out.

The second point to make has been made already. When you tabulate the unfunded requests for voluntary conservation efforts, $3 billion in the latest year that we had data for, 2004, $3 billion across the United States. There is no need to make the point that farmers are interested in conservation. They are going to the USDA office, they are making their requests. The money is not there.

I was also asked to address in my testimony the Conservation Security Program. I come at this from the perspective of my experience of the 1985 Farm Bill when my uncle, Paul, asked me when he heard about the Conservation Reserve Program. He had 1,000 acres of hay and pastureland, he had a cow-calf operation and he wondered just exactly why it was that those fellows a few counties north who had plowed out their land, planted it to corn, gotten commodity program benefits, were then going to be paid to plant it back so that it looked like the fields all around his operation. These are tough questions, Mr. Chairman. How do you reward stewardship as Ralph so eloquently said and at the same time efficiently use taxpayer dollars? I think the Conservation Security Program was the first effort on a large scale to try and do that.

I want to commend to you the most recent evaluation that I have seen done of the program by two very distinguished experienced organizations, the Soil and Water Conservation Society and Environmental Defense. They did point to a number of problems that the program has had. Funding has complicated dramatically the way the program was implemented. We have spent a lot of money so far and under the contracts we now have in place we will spend it in the next few years for practices that according to the report were already in place. These are very important policy questions to

ask as we seek to figure out a way to both reward people who have done the right thing all along and also make important gains in conservation by providing support to farmers to make the changes they need to protect the environment.

Mr. Chairman, my time is up. Thank you for your attention.

Mr. HOLDEN. Thank you, Mr. Cook.

Ms. Kemp.

STATEMENT OF LONI KEMP, SENIOR POLICY ANALYST, THE MINNESOTA PROJECT, CANTON, MINNESOTA

Ms. KEMP. Mr. Chairman and members of the Subcommittee, I want to thank you for the opportunity to discuss the conservation title of the farm bill. I represent the Minnesota Project, and we are members of the Sustainable Agriculture Coalition and the National Campaign for Sustainable Agriculture.

I have been asked by the Subcommittee to focus my remarks on the Conservation Security Program and I would also like to touch on renewable energy implications for the environment, and I draw your attention to some other recommendations that I have included in my written testimony.

The significant question for the next farm bill is, what do we want for the future of agriculture? Will the policies you enact this year enable us and our children to produce healthy food, a safe environment, clean energy and vibrant rural communities.

I believe that the conservation title of the farm bill is possibly our Nation's most important environmental law. The farm bill determines how half the Nation's land is cared for and that is the land for which farmers and ranchers are the stewards. So this is where the fate of water quality lies in the farm bill, so too the fate of wildlife habitat, and even the long-term food security of our Nation. Add to that the huge positive contribution agriculture is poised to make towards the most pressing issues of our time, national energy security and global climate change, and we see that these conservation programs are essential to our Nation's future.

I just arrived from Canton, Minnesota, and I can tell you that there is optimism in the countryside these days. Farmers believe they can help the country move toward homegrown renewable energy while they take care of the environment. I see a fundamental shift in the American perception of farmers. Of course, they produce our food and fiber but now they are also being called upon to produce clean water, renewable energy and a more stable climate.

But why is the Conservation Security Program so important? It is unique in the toolbox of conservation programs that we have for our working lands. It is unique because it requires farmers to actually solve their resource problems to a sustainable level. CSP focuses on the whole farm. CSP is the only program that is focused on outcomes, allowing farmer innovation to determine the best way to meet and exceed explicit conservation goals and CSP is trade neutral. It creates a new paradigm for farm programs, a green payments program that rewards all farmers for their stewardship rather than production, and it has proven to be effective and popular. So far some 20,000 farmers have enrolled 16 million acres in the Conservation Security Program, securing over $2 billion in

long-term commitments to excellence in land care. These are impressive numbers, however, there is a flipside. You are all aware that Congress has cut some $4 billion from CSP's funding and it has not been offered to all farmers by a long shot. Even as we sit here today, the fate of the 2007 sign-up for CSP hinges on whether the conferees will restore the funds for the 2007 sign-up in that bill. That is the conferees on the supplemental appropriations bill. This on again, off again approach must come to an end and we hope this Committee will see that it happens.

Today we are issuing the first comprehensive assessment of how CSP is working in a report called the Conservation Security Program Drives Resource Management. I believe you all have copies and there are copies for the press over there. Complementing the study that looked at data, we actually went out and decided to look at the program, how it was working on the ground. Along with collaborating organizations in the Midwest, 67 in-depth interviews with farmers were held and with NRCS staff who actually had to implement this program, and what we found is that CSP is indeed proving to be a catalyst for new conservation practices. The majority of farmers are adding practices in order to be eligible. They are adding practices when they sign up and take on more enhancements and they are adding a lot more when they get a chance to modify their contracts.

We do think there are a number of fixes that are needed for CSP, as you have heard from some other people, and foremost among those is that Congress must provide adequate and protected funding. This is our top recommendation and you are undoubtedly hearing it from farmers and ranchers all over America. Other fixes that are needed are regular sign-up periods, transparency, increased use of full-fledged conservation planning, streamlining and better technical assistance.

So turning to another farm bill priority, I would like to share a few thoughts on the implications of renewable energy for the environment and of course this Committee handles both of those topics as well as research, so this is the perfect place to talk about it.

The most important thing is for you to focus on the transition to the next generation of biofuels to help accelerate our shift to perennial cellulosic biomass energy. This is an opportunity—you keep asking about where is the money going to come from. This is an opportunity truly to kill two birds with one stone in a sense because perennial cellulosic biomass by nature is going to contribute dramatically to some of the conservation needs that we have because it holds the soil in place, sequesters carbon, provides wildlife habitat and requires no tillage in the case of perennials and it is an especially effective solution to climate change. First of all, producing biofuels causes no net carbon to be emitted when the fuel is burned. Secondly, perennial crops hold carbon in the soil and capture it, and then thirdly, if we can convert to using biomass as the fuel source for our corn ethanol plants and displace the coal and natural gas, that is a triple winner.

The Conservation Security Program is an ideal framework from which to help farmers begin to establish perennial biomass crops through enhancement payments. You could create cellulose crop sheds so that these farmers are working in areas where plants are

likely to be built and we could ramp up cellulosic ethanol facility planning as well.

So in summary, to make CSP as strong as possible, we ask that you fund it fully and extend sign-up opportunities to all who can meet the high standards and create clear and more streamlined implementation methods, and further, try CSP as a policy framework for perennial biomass energy feedstocks.

Thank you for this opportunity to testify.

Mr. HOLDEN. I thank our witnesses for their testimony and I would first like to follow up with the same question that you probably heard me ask the first panel, and that was following up on Chairman Peterson's opening statement and Ranking Member Lucas's about the budget restraints we are going to face, and Mr. Cook, you bring up another concern that this Committee has had for a long time and that is of the appropriators getting their hands on some of the money that we authorize. Well, that is an age-old problem. I remember, and so does Ranking Member, Mr. Lucas, when we were sitting so far down we couldn't even see Kiki D'Ogartz, we could just hear him, but we could hear them complaining about Jamie Witten for taking the money away from the authorization funds, and that is a problem that is a reality. So these are the facts that we must face.

So saying that, following up on the same question that I put to the first Committee, all of you have identified programs that you believe in, that you think are working well and that we should reinvest in. Living within the pay-go situation as we must, any suggestions where we could move money around and disinvest in any conservation program that is currently in effect? We are going to have this conversation with or without you so you might as well be in it, so———

Mr. NOMSEN. I would be happy to be in this conversation because it is an important one, and if you look through the slate of priorities that I offered as my testimony, obviously you will see that there is a—it is an aggressive list. There are new items on the list. There is expansion of programs. We think it is justifiable when dollars spent on conservation are an incredible value for the American taxpayer. There are items on that list, however, that also generate savings. For example, the sound saver provision that we were calling for. We are in the process of finding out exactly how much right now and we look forward to sharing that in more detail, and as you are waiting for your final numbers and kind of how it looks, we are also in the process of adding up what our list looks like and at that point in time perhaps it would be a good time to sit down and have further discussion about the pool of dollars that we have in comparison with the pool of programs and ideas and you will certainly see us talk about the success of proven programs that have worked well in the past. Mr. Chairman, I am thinking in particular about programs—you still have the number 1 CREP in the Nation in Pennsylvania.

Mr. HOLDEN. Yes.

Mr. NOMSEN. And while I can't quite pronounce Schuylkill County———

Mr. HOLDEN. You are close.

Mr. NOMSEN. It was close? That is good. And, you know, Mr. Lucas, looking at you, I think about the—we have a wonderful example of EQIP doing good things for fish and wildlife in the State of Oklahoma where we have a quail habitat restoration initiative going. So it is one of those examples of things that we can do to get more conservation out of current programs too and I think that is also part of the discussion that we have to have.

Mr. HOLDEN. Anyone else care to add anything to it? Mr. Sims.

Mr. SIMS. Mr. Chairman, members of the Committee, I guess I would make this comment from our organization, that our members are very much aware of the realties of the day of the federal budget, and we had a long discussion at our recent annual meeting about that particular issue, and the message that I delivered to you today is, we are not asking for any new programs. We do believe that there are ways to go through and make adjustments within the programs that we do have to find some savings, okay, and so I guess I would offer that. Are we willing to disinvest in conservation? Certainly not. Are there ways to improve? I believe that there is.

Mr. HOLDEN. And Mr. Sims, you suggested several different consolidations and we would like to pursue that as a Subcommittee. We are also a little bit concerned, at least I am, I don't mean to speak for the Ranking Member. Sometimes when you do that, a program loses its identity and ends up being in a situation where you can't participate to the level you would like to.

Mr. Beauduy, thank you for your comments, and I appreciate your comments concerning our friend's from Maryland introduction of a bill that for our region there is no question about it, that it would be a very good thing. But within the political reality that we have to live, you know, 100 percent of that is just not possible. So what would you think would be one or two of the most important things that we could do in this farm bill for the Chesapeake Bay region, Susquehanna River Basin Commission's authority?

Mr. BEAUDUY. Well, as I indicated, we—number one, I appreciate the concern that you just expressed, Mr. Chairman, and I understand that you and the members of this Subcommittee and the Full Committee need to exercise an amount of leadership and statesmanship that rises above any regional parochialism, and it is appropriate that you do that. Having said that, we still believe, and not being a student of conservation programs and actively involved in their implementation, I can offer specifics perhaps following this Committee hearing, but I will tell you in a general sense that to the extent that whatever the funding levels are for the programs, there is some priority given, and this is irrespective of region of the country, to wherever agriculture is facing a TMDL, because of the heightened burden that puts on agriculture in that region, that they be given some priority for participation and for funding.

Mr. HOLDEN. Thank you.

Mr. Grossi, you mentioned in your remarks the Farmland Preservation Program, which is very important in Pennsylvania and Maryland and New York but not all that important in Mr. Lucas's district or I bet Mr. Ellsworth's district not all that important. As we look to reauthorize that, I remember being in New York at a Full Committee field hearing last year, hearing that there needed

to be some changes made to it and I know that people in Pennsylvania have brought some recommendations to me, and you might have mentioned this in your remarks but if you could elaborate a little more on some tweaking we need to do to the Farmland Preservation Program?

Mr. GROSSI. I would be happy to, Mr. Chairman. First, I would say that while it may not be real important in Mr. Lucas's district now, it will be at some point. There are now 27 states with state farmland preservation programs and the State of Texas is the most recent to add a statewide program. This issue of fragmentation and sprawl into agricultural areas and the breakup of ranches is an issue even in rural areas of this country. The Farm and Ranch Land Protection Program, as you know, has expanded significantly in the 2002 Farm Bill with authorization at almost $100 million a year. That program is the most efficient in leveraging non-federal resources of any of the conservation programs. There are about 2-1/2 dollars of non-federal money applied to those projects for every dollar of federal money so the nearly $100 million annual appropriation from the Federal Government is effectively getting $350 million of conservation on the ground. We are very proud of that and we think it probably offers a model for some of the other programs as you move forward, and I could come back to that if you would like. But there have been significant problems with this program and one of the largest problems is that these farmlands protection programs are very oriented to the unique circumstances of different states and different localities. Agriculture is different in different areas of the country and so the program that works well in Pennsylvania won't work well in Texas, likewise in Vermont versus California. These programs have been designated and customized for those states. You cannot then put an overlay on top of it of a one-size-fits-all set of regulations that forces all those states to rewrite their programs simply to meet some federal set of rules. So we are suggesting some changes that would allow those states that qualify, that have a proven track record of protecting land, monitoring that land, understanding how to work with farmers, give them some flexibility to operate within the rules that they have developed over the last 25 or 30 years and allow those programs to receive a grant instead of so that they would be not having to comply with all the rules in the federal rule that has been published by USDA. That doesn't mean all programs would be treated that way. Those that don't have a proven record that still need to prove themselves would have to live by the federal rules, and we think that is a fairly straightforward way to deal with this problem. There are other issues related to the implementation but we are prepared to offer some language that has been worked on by the commissioners of agriculture in many of these states that they now have an agreement on how they think the program should be fixed, and we will be glad to work with your staff on helping put that language together.

Mr. HOLDEN. Thank you.

The chair recognizes Ranking Member.

Mr. LUCAS. Thank you, Mr. Chairman, and I was pleased to hear the panel use the phrase "a gigantic increase in conservation spending in the last farm bill." Chairman Holden and I were ex-

tremely proud of what we were able to successfully make happen five years ago, and we have moved forward from there.

Let me put the question to the panel and in particular perhaps Mr. Nomsen and Mr. Grossi, the question I asked the earlier panel and that is about the Conservation Reserve Program, CRP. There is discussion about whether the acreage should be increased, decreased, what should be done. I personally have taken the perspective that I view the 39 million acres as a minimum number. I view the program though as one where we need to have flexibility in that many of the acres date back to the hold mid enrollments of the 1980s where perhaps land that became a part of the program did not meet what we would now define as the necessary environmental sensitivity goals.

Could you touch on the subject, your perspectives and whoever on the panel would care to about the potential to allow some of that less environmentally sensitive land potentially to come out and then using that space to bring in property of a more sensitive nature? Your perspective, anyone?

Mr. NOMSEN. Well, Mr. Chairman, Ranking Member Lucas, let me offer a couple of thoughts on that. I think that is an important topic and I also was pleased today to hear essentially no one talk about reductions to the program, and as you know, we are still calling for a long-term goal of a 45-million-acre CRP. We need to remember a couple things. One, first of all, it is a voluntary, incentive-based program. We already have a little over three million acres expiring this year right now and I think that is an important thought.

I want to address your specific question about a pool of additional acres that may be able to come out of the program, and I would certainly offer all of our group's assistance to refine and discuss and define what the size of that pool of acres may be, how large is it, where are those acres. I would certainly encourage the Committee to at that particular point encourage leaving CRP buffers in place on those particular fields. I think the last thing we need to do is go back to a fencerow-to-fencerow farming situation and leaving buffers in place, we can certainly do some very good things for water quality, soil erosion and they will have some limited wildlife benefits, so let us have that discussion, and I want to thank you for also calling about the other aspect, and that is the benefits from CRP, especially the wildlife benefit, all of the benefits from CRP. They come from the fact that we do have a newly fully enrolled program and so I appreciate your thoughts talking about having a program that works out there, that is successful, and farmers and landowners, they receive enough economic compensation to encourage them to continue to apply at strong rates and participate in the program. So let us have further discussion on that area. Thank you.

Mr. GROSSI. I would just add, Mr. Lucas, that for those of us who were here in 1985 and when CRP was a dream, we can look back now and feel quite good about the accomplishments of the program, particularly in how it has evolved from a largely supply management /conservation program to a true environmental program, and we like that trend and we would encourage you to do things to continue on that path. That is, let us make sure the CRP really is fo-

cused on the highest quality or the highest environmental benefits just as you said earlier, particular attention to continuous sign-up and the CREP provisions, and we are willing to talk to you about creative ways that we might utilize all of the baseline. Like other conservation programs, CRP has unused baseline in the budget and so, you know, we like to think about how we can put that money to work for a real environment benefit. So we very much are supporters of the program and would like to see it continue to be focused more and more on the highest environmental benefits.

Mr. LUCAS. And I appreciate that, and coming as a successor to the old Soil Bank Program of the 1950s, we have a strong legacy. In the early CRP just as in Soil Bank, it was more of, as you use the phrase, a supply management program that happened to create, generate some wonderful environmental benefits. I just see as a voluntary program if commodity prices continue at their range and the feedback I get from the livestock community and, for that matter, the grain-producing community, some of those three million acres will come out. I guess I am sending through this hearing a message down the street that if those acres come out, we need to bring acres back in, not as contracts expire because producers will have the right to do that, to take their acres out, and then not replace those. That would be unacceptable to the wildlife community, unacceptable to the sportsmen's community, I think unacceptable to anybody out in the countryside who really thinks about this, but there is always a danger in the way that bureaucracies work.

Mr. Chairman, if you would indulge me, I would like to ask Mr. Cook a question.

Mr. HOLDEN. Sure.

Mr. LUCAS. Can your group as famously always been very sensitive to where taxpayer dollars are spent in these farm bills and how the monies flow and where they wind up and there are some issues, and I don't even like to use that phrase, payment limitation, that will be in the jurisdictions of other Subcommittees. They will have to sort through that. But for just a moment let us talk about conservation and the dollars that come through the farm bill and where they go. As I said, your folks famously do lots of analysis on these things. Do you have any opinions on when it comes to conservation, should there be a means testing of a sort? Should there be payment limitations on what any individual can take from the program, should your outside income be reflective of that? Do you have any general observations on those kinds of issues?

Mr. COOK. Well, Mr. Lucas, we have always said just as when we publish our web site, we put the names of everybody who gets conservation payments and who gets disaster payments in every commodity program. I don't think it is fair even though I am a proponent of conservation spending to leave those issues off the table on any of these other matters of public policy that come up, whether it is payments limits, setting limits on individual programs, considering means testing or anything else. I think conservation just at the beginning of that debate ought to be on the table.

Mr. LUCAS. I mean, some will argue in this Committee, I suspect, depending on how the number looks in a few days or a few weeks, how dismal it might be, that whether it is a banker or a doctor or

a member of Congress, if you have the ability to do your conservation practices from your own pocket, is it fair to allow them, us, they, whoever to participate at the same level as producers or small property owners who just really cannot economically afford to spend that kind of money without the assistance that comes from cost share?

Mr. COOK. Believe me, we will be sympathetic to that debate and considering that just as we are open to the idea that there are people who may be receiving commodity program benefits now who can well afford to operate. Maybe they are an absentee investor or owner. A new database we will be producing in about three weeks from USDA's data, the so-called section 1614 data, is pretty eye opening in terms of the number of beneficiaries in these programs. My concerning today was to talk about the importance of these conservation programs and the importance of looking at ways to refine them, but I do think this is part of the debate and I also think it is part of why we have so many new people coming forward saying I have been left out of the programs in the past and I have got to find who is lobbying for the goat and emu industry and get with them because they have evidently been very successful.

Mr. LUCAS. In a profession that makes far more money to be a media person perhaps or something where you can afford to do things that the rest of maybe cannot. I am not taking a position. I am just asking for some input, some advice because in spite of these rather dramatic increases in resources over the last five years, as soon as Chairman Holden and I met what we thought was the backlog five years ago and people realized, by golly, you just might be able to qualify for that, it might really be there, the backlog exploded exponentially. So there will be some of these topics of discussion in the coming days, weeks and months about how to stretch those precious resources to maximize our input. Thank you.

Mr. HOLDEN. The Ranking Member yields back.

They called for a vote now, so before we thank the panel for their testimony today, Mr. Beauduy, a question I forgot to ask, I am not sure if you can answer it or not, do you have any idea how much money the Federal Government spends on conservation in the Chesapeake Bay region annually?

Mr. BEAUDUY. No, I can't. I have that number available but I didn't bring it with me. I do know that when the last cost analysis was done, they looked at an $18 billion need, a shortfall of about $12 billion, and that was a projection, an 8-year projection from 2002 to 2010. Of that $6 billion, I believe $4.5 billion was federal dollars.

Mr. HOLDEN. Thank you.

The Chair wishes to thank the witnesses for their testimony today.

Under the rules of the committee, the record of today's hearing will remain open for 10 days to receive additional material and supplementary written responses from witnesses to any question posed by a member of the panel.

This hearing of the Subcommittee on Conservation, Credit, Energy, and Research is adjourned.

[Whereupon, at 3:44 p.m., the Subcommittee adjourned.]

Statement by
Congressman Tim Holden
Hearing to Review USDA Farm Bill Conservation Programs
House Agriculture Subcommittee on
Conservation, Credit, Energy, and Research
April 19, 2007

I would like to welcome our witnesses and guests to today's hearing. I hope this hearing will provide a useful review of conservation programs in the Farm Bill.

The 2002 Farm Bill was the biggest investment in conservation in the history of recent Farm Bills. The conservation title dedicated over $17 billion in additional investment for conservation programs, an increase of 80 percent. While the budget may be tight, I believe we need to see if we can match that in the upcoming Farm Bill reauthorization.

Conservation funds have allowed many farms to meet environmental regulations in this changing industry. Conservation programs assist our farmers and ranchers in strengthening their environmental stewardship. That's important for looking after land and water that we will pass on to our future generations.

In the current Farm bill, we funded the most significant programs in order to preserve farmland and to improve water quality and soil conservation on working lands. We addressed environmental concerns and sought to make conservation a cornerstone of agriculture for producers in all regions.

Our nation's farms and ranches produce farm more than traditional food and fiber: well-managed agricultural land also produces healthy soil, clean air and water, wildlife habitat, and pleasant landscapes, all of which are valued by rural and urban citizens alike.

During this hearing, I hope we can answer many questions. Are current conservation programs working for all regions? How can we account for the rising cost of energy? How can we support the diversity of crops across the nation? And how do we stabilize and keep agricultural operations in business so that they can continue to protect our environment?

I look forward to hearing suggestions that the witnesses may have as to what Congress can do to ensure agriculture's continued role in conservation.

Agriculture Committee Republicans
Bob Goodlatte
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Opening Statement of Ranking Member Frank D. Lucas
Subcommittee on Conservation, Credit, Energy, and Research
Hearing to Review Farm Bill Conservation Programs
April 19, 2007

Good afternoon and welcome to today's hearing to review USDA's farm bill conservation programs. Today's hearing is the final conservation hearing this Subcommittee will hold before beginning to write the conservation title for the next farm bill.

The 2002 Farm Bill provided the greatest funding increase ever for conservation programs. The Farm Bill's conservation programs have undoubtedly been a huge success providing benefits to soil, water, and air quality. We are proud of what we accomplished in the 2002 Farm Bill and want to build on that in the next farm bill.

Our farm bill hearings over the last fifteen months have given us a great deal of insight as to how the current conservation programs are working. This Subcommittee has been charged with trying to reach consensus on what type of conservation title should be included in the next farm bill. This hearing will allow us to discuss many of our conservation programs in depth. I am interested to hear how you all think the current programs are operating, what changes need to be made to the programs and their funding levels, and whether current programs or new programs are needed to help producers comply with regulatory standards.

Specifically, I am interested in hearing your thoughts on the CRP program, and how that program can be utilized in renewable energy crop production. Is there support for releasing the less environmentally sensitive acres for production and replacing those acres with more sensitive land?

Additionally I hope to hear your thoughts on EQIP, which is vitally important in my home state of Oklahoma. We are spending substantially more on the program today with increased funding from $200 million annually in 2002 to $1.3 billion in 2007. We should examine whether there are improvements or adjustments that need to be made in the program to make it more effective for producers.

As I reviewed the testimony for today's hearing, I found overwhelming support for conservation technical assistance. Producers benefit greatly from the assistance they receive from knowledgeable staff and committed local partners. There seems to be a consensus among

program users that the technical assistance funding is inadequate. The delivery system is the life-line to ensuring the success of conservation programs, so I look forward to hearing more about this issue from our witnesses.

What we need to remember today is that we will have a limited number of resources in which to write the conservation title. We will undoubtedly have lots of requests on the best way to spend the money allocated to us, however, it will be difficult to balance out all of the requests before us since most of the ideas are sound and have merit. That is why we must focus on what is working and what is not working; what is being done efficiently and effectively and what is not.
I look forward to today's hearing.

Statement for the record for Congressman Walz

Mr. Chairman, Ranking Member Lucas, thank you for holding this hearing today.

Conservation is just an incredibly important part of our farm program. No one knows better than the agricultural producers who depend on the land to make their living just how important it is to be good stewards of our soil and water.

So I'm pleased that in recent years, our farm bills keep moving forward and making greater and greater investments in conservation programs.

I've conducted about 13 different farm bill forums around southern Minnesota to hear what people have to say about what they want included in the 2007 Farm Bill. And when I go out and do these meetings I have a big chart with me that shows how USDA's spending every year breaks down. And about 5% of all USDA spending goes to conservation programs. But I'll tell you what: the impact of those dollars far exceeds what you would think we'd be able to accomplish with that modest percentage.

I've been receiving the same message over and over again from the producers who have been coming to these farm bill meetings: we need to make the Conservation Security Program more user-friendly and easier to enroll in. This is a working-lands conservation program that is wildly popular with farmers, with environmentalists, with the wildlife and sportsmen's groups, and with urban folks who have no exposure to the farm program except the food that they eat. CSP is a winning program and we have been short-changing it and making it as tough as possible for people to participate in and that just needs to stop.

I have heard from dozens of my constituents who are enrolled in CSP and made improvements to the land in order to move from Tier One to Tier Two or from Tier Two to Tier Three. And when they did that, after they invested what, in some cases, amounted to several tens of thousands of dollars, they were told by USDA that there was not enough money in USDA's budget for the Agency to make good on its end of the contract. I think it is unbelievable that USDA would sign a contract with a farmer and then not pay them what they are entitled to. I sent an angry letter off to USDA about that a few weeks ago; I haven't heard back yet, but I'm going to keep pushing until I get a response.

I want to make a special note about one of the witnesses here today. Loni Kemp is a witness on the second panel, representing the Minnesota Project. Loni is a constituent of mine, and I'm proud that she's here today. The Minnesota Project does just outstanding work. For nearly 30 years they've been working to promote strong rural economies and helping farmers stay on the land. I know she's got a lot of insight into our conservation programs and what can be improved and I look forward to hearing from her and our other witnesses today.

Rep. Collin C. Peterson
Opening Statement
Hearing to Review USDA Farm Bill Conservation Programs
Subcommittee on Conservation, Credit, Energy, and Research
April 19, 2007

Thank you Mr. Chairman.

The conservation programs in the Farm Bill help farmers and ranchers preserve their land while providing all Americans with clean air, clean water and areas to recreate, hunt, and fish.

The 2002 Farm Bill demonstrated our commitment to conservation by doubling conservation funding. That's a very good thing.

This year is a little different. We're facing some restrictions as we write this upcoming Farm Bill – both budgetary and practical. The budget constraints have left us without new money for the Wetland Reserve and Grassland Reserve programs. Also, there simply isn't enough money to run programs like CSP in the way that some people have been suggesting.

The workload constraints at USDA are another restriction. We need to take a look at bringing in non-federal partners to help provide technical assistance for the existing conservation programs.

Even with these obstacles we will continue to have a strong conservation title in the upcoming Farm Bill. I share the concern of many of the witnesses about the backlog of unmet demand for our conservation programs.

Looking past the obstacles, renewable energy production provides an unparalleled opportunity for American agriculture. I believe we can blend these two missions to preserve farmland and create wildlife habitats while growing feedstocks for biofuels and using manure and poultry litter to create electricity and synthetic gas.

I thank the Chairman for calling this hearing, and look forward to hearing from the witnesses on how the current conservation programs are working for our farmer/ranchers and the environment.

Opening Statement of Ranking Member Bob Goodlatte
House Committee on Agriculture

Subcommittee on Conservation, Credit, Energy, and Research
Hearing to Review USDA Farm Bill conservation programs
April 19, 2007

I appreciate the Subcommittee convening this hearing. All of us on this Committee know we are in a farm bill year. We all know we have a limited amount of time to write, analyze, vote on and get a bill signed by the President by the end of September. I hope this hearing helps in the moving this process along.

As most of you are aware, we increased conservation spending in the 2002 Farm Bill by 80% which represented an increased commitment of $17 billion over ten years. We increased our commitment to important programs like CRP and EQIP while also adding programs to increase participation in conserving practices.

This farm bill gives the Committee an excellent opportunity to prioritize conservation programs that are working, change programs that are obviously broken, and look at the programs as a whole to see if there are any overlapping missions and goals.

We, as a Committee, should take a serious look at streamlining the current conservation programs so that conservation dollars can be utilized more efficiently. We will hear from witnesses today about the myriad number of programs that can help producers be better stewards of the land, but that process can be confusing for the producer. There are simply too many programs with too many overlapping functions.

Each one of those individual programs was added with the best of intentions to address unmet needs, but now we have more than a dozen conservation programs, all operating independently. The goals of each program remain important but our Committee needs to eliminate duplication and simplify the process of attaining those goals. If we can accomplish that in this farm bill, we will have made great strides for practical on-the-ground conservation.

The benefits of these conservation programs are not solely realized by farmers and ranchers. The general public may be the biggest beneficiary with improved air and water quality, less soil erosion, and greater expansion of wildlife habitat. We also want to meet the dual goals of helping our farmers compete in the world market and helping them preserve the land for generations to come.

I'm pleased that a forest landowner has been invited to testify regarding conservation and forestry. Forest products are a strong component of the nation's economy, valued at over $22.5 billion annually. In the last farm bill, we made great progress in both the Conservation and Forestry Titles to strengthen programs that help forest owners supply the nation's wood fiber, clean water, wildlife, and other forest amenities. I look forward to working with the Chairman and other members of the Committee to continue this support for working forestlands as part of the farm bill.

I look forward to all the witness's testimony.

WC: 495

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April 19, 2007

Submitted to the House Agriculture Subcommittee on Conservation, Credit, Energy, and Research, U.S. House of Representatives

Mr. Chairman and Members of the Subcommittee, my name is Laurie Davies Adams, and I am Executive Director of the Coevolution Institute (CoE). CoE commends the Subcommittee on Conservation, Credit, Energy, and Research for holding this timely hearing on the Conservation Title of the Farm Bill. CoE is pleased to submit these comments for the hearing record. In brief, the Coevolution Institute (CoE) recommends that existing Farm Bill conservation, forest management, research and other programs designed to work with and assist farm, ranch and forest land managers be strengthened to better address managed and native pollinator needs by adding targeted authorizing language and supporting report language to current program authorities in the next Farm Bill.

INTEREST OF COEVOLUTION INSTITUTE

The mission of CoE is to catalyze stewardship of biodiversity. CoE places a high priority on efforts to protect and enhance animal pollinators (*invertebrates, birds and mammals*) and their habitats in both working and wild lands. More information about CoE may be accessed at www.coevolution.org.

CoE is a strong advocate of a collaborative, science-based approach. CoE is honored to have a number of beneficial pollinator partnership efforts ongoing through management of the North American Pollinator Protection Campaign (NAPPC), a tri-national, public-private collaboration of scientific researchers, managers and other employees of state and federal agencies, private industry and conservation and environmental groups dedicated to ensuring sustainable populations of pollinating invertebrates, birds and mammals throughout the United States, Canada and Mexico. NAPPC's voluntary participants from nearly 140 entities are working together to:

- Promote awareness and scientific understanding of pollinators;
- Gather, organize and disseminate information about pollinators;
- Provide a forum to identify and discuss pollinator issues; and
- Promote projects, initiatives and activities that enhance pollinators.

Since its founding in 1999, NAPPC has been an instrumental cooperative conservation force in focusing attention on the importance of pollinators and the need to protect them throughout North America. More information about NAPPC and its collaborative efforts can be found at www.nappc.org. Information for those interested in pollinators can also be found at another CoE/NAPPC website www.pollinator.com dedicated to the Pollinator Partnership, a cooperative conservation outreach program.

POLLINATORS PLAY CRITICAL ROLE IN AGRICULTURE AND ARE AT RISK

Insect and other animal pollinators play a pivotal part in the production of food that humans eat—with estimates as high as one out of every three bites—and in the reproduction of at least 80 percent of flowering plants. The commodities produced with the help of animal pollinators generate significant income for agricultural producers. For example, domestic honeybees pollinate an estimated $14.6 billion worth of crops in the U.S. each year, produced on more than 2,000,000 acres. It is thus in the strong economic interest of both agriculture and the American consumer to help ensure a healthy, sustainable pollinator population.

Today, possible declines in the health and population of pollinators in North America and globally pose what could be a significant threat to the integrity of biodiversity, to global food webs, and to human health. A number of pollinator species are at risk. Due to several reported factors, the number of commercially managed honeybee colonies in the U.S. has declined from 5.9 million in the 1940's to 4.3 million in 1985 and 2.5 million in 1998. All indications are the problem has worsened in recent years. About 900,000 rented colonies are employed to pollinate 400,000 acres of just one major cash crop, almonds, grown in California. As one indication of the seriousness of this problem, the American Farm Bureau Federation re-activated its honey bee and apiary committee last year.

The National Academy of Sciences released a major report last October on the status and health of pollinators in North America that included a number of recommendations on research and conservation action. That report was released at a day-long Pollinator Symposium put together by CoE/NAPPC and hosted by USDA. In essence, the report recommends that we must improve our scientific understanding, increase awareness about the amazing world of pollinators and their importance to our food supply and healthy ecosystems, and take action to protect pollinators and their habitat.

CONSERVATION & OTHER FARM BILL PROGRAMS CAN BE "POLLINATED" TO BETTER ADDRESS POLLINATOR NEEDS

CoE recommends that existing Farm Bill conservation, forest management, research and other programs designed to work with and assist farm, ranch and forest land managers be strengthened to better address managed and native pollinator needs by adding targeted authorizing language and supporting report language to current program authorities in the next Farm Bill. This is NOT a request for *new* programs, but rather *enhancements* to existing programs as a pragmatic approach that can yield meaningful results with limited resources.

Conservation programs can be highly effective in addressing factors which can contribute to pollinator declines including: habitat fragmentation, loss, and degradation causing a reduction of food sources and sites for mating, nesting, roosting, and migration; improper use of pesticides and herbicides; aggressive competition from non-native species; disease, predators, and parasites; climate change; and lack of floral diversity. Effective pollinator protection practices often overlap and complement other conservation practices, particularly those designed to improve wildlife habitat, and vice versa. In other instances, a practice designed to achieve wildlife or other conservation practices could generate significant pollinator benefits by integrating modest enhancements.

The focused objective of targeted modifications to authorizing language is to better equip and direct USDA agencies to build on current pollinator-related efforts by the Natural Resources Conservation Service (NRCS) and other agencies and to help farmers, ranchers, foresters and other private natural resources incorporate pollinator needs in their conservation efforts. Pollinators, agriculture and healthy ecosystems deserve no less.

This can be accomplished by inserting modest language changes as appropriate to ensure agencies have the direction and authority in implementing programs to (1) improve awareness about the importance of

pollinators to agricultural producers and ecosystem health, and (2) work with farmers, ranchers and foresters in facilitating pollinator stewardship, protection and habitat conservation.

Conservation Title Programs Can Be "Pollinated"

Candidate programs include the Environmental Quality Incentives Program (EQIP), the Conservation Reserve Program (CRP), the Conservation Security Program (CSP), the Wildlife Habitat Incentives Program (WHIP), the Farm and Ranchlands Protection Program, the Grasslands Reserve Program (GRP), the Wetlands Reserve Program (WRP) and the Watershed Rehabilitation Program, all capably operated by NRCS. Below are two examples of the kind of insertions each program should include:

EQIP Example: In authorizing language for EQIP [P.L. 107-171, Subtitle D], additional direction and clarification of authority regarding pollinators could be provided through insertion of "or pollinators" at the end of Section 1240(b), (e)(2), so that it would read:

"In determining the amount and rate of incentive payments, the Secretary may accord great significance to a practice that promotes residue, nutrient, pest invasive species, ~~or~~ air quality management, **or pollinator habitat and protection.**"

It would then be clear that the statutory authority and direction exists to provide EQIP incentive payments to help producers meet part of the costs of pollinator-friendly practices.

Pollinator protection could be added as a credit in scoring applications for cost-share assistance.

Report language could be included to encourage and direct conservation assistance and technical service providers to make producers aware of pollinator needs and pollinator-friendly practices when appropriate.

CSP Example: Authorizing and report language can make it clear that incorporating pollinator-friendly practices is an important component of criteria to be used in determining CSP payments.

Priority Resource Concern—CoE recommends that pollinator protection be designated as a Priority Resource Concern. For example, Congress could direct NRCS to include pollinator protection as a national priority resource concern for its conservation implementation programs—preferably at the national level, but at least as appropriate at the regional, state or local level.

Seed & Nursery Stock for Pollinator-Friendly Native Plants— CoE recommends adding report language to strengthen the availability of seed and nursery stock for native plants. NRCS has some excellent outreach efforts being developed to make producers and other land managers aware of pollinator-friendly native plants. One reported obstacle is a chronic shortage of seed and nursery stock for native plants.

Other USDA Programs

While the most obvious opportunities to improve pollinator stewardship are through USDA's conservation programs, CoE urges the Subcommittee and Committee to consider similar targeted opportunities in the research, forestry, commodity and other programs. Authorities for existing research, extension and education programs assuredly offer opportunities. Through a further exchange of ideas facilitated by the Subcommittee and involving USDA officials and interested stake holders, other opportunities to productively "pollinate" programs could well be identified.

Forestry Example—Conservation assistance programs and natural resource programs operated by the U.S. Forest Service (USFS) could be similarly augmented. For example, the current Memorandum of Understanding (MOU) between CoE and USFS identifies common ground in programs dealing with healthy forests, invasive species, and resource valuation and use.

Research and Extension Example—Direction could be given under the Research Title to strengthen the Agricultural Research Service (ARS) and Cooperative State, Research, Extension and Education Service (CSREES) focus on pollinators, consistent with recommendations of the National Academy of Sciences report on the Status and Health of Pollinators in North America. ARS was a major funder of the NAS study and should act on the report's recommendations.

Extension & Gardeners Example—Recognizing that cooperative extension and conservation district offices increasingly provide information and technical assistance to urban and suburban homeowners and gardeners, legislative and report language in the Farm Bill could be strengthened to ensure that such assistance increases awareness about pollinators and integrates the critical needs of pollinators and their habitat. This could include pollinator-beneficial information on habitat—such as appropriate native planting successions, nesting sites, water sources and shelter—and integrated pest management practices that minimize harm to pollinators.

Ag in the Classroom—CoE recommends that language be included to direct or encourage USDA to add a pollinator component to this excellent education program, helping to make students aware of the vital role of pollinators in their food supply and healthy ecosystems. The American Farm Bureau Federation has expressed interest in such an effort. The North American Pollinator Protection Campaign (NAPPC), a tri-national collaboration facilitated by NAPPC, recently released "*Nature's Partners: A Comprehensive Pollinator Curriculum for Grades 3-6.*" This could be integrated into Ag in the Classroom, perhaps through a collaborative effort.

Backyard Conservation—CoE recommends that language be included to encourage NRCS to review and strengthen pollinator-related aspects of its "*Backyard Conservation*," "*Conservation Where You Live*," "*Hands on the Land*," "*Tidbits for Teachers and Students*" and other education and outreach initiatives.

Integration & Coordination

CoE urges the Subcommittee to provide additional guidance and encouragement through appropriate report language to advance collaboration and gain efficiencies, leveraging available resources to maximum effect.

Integrated Approach to Resource Management—Appropriate legislative and/or report language could be added to help accelerate the goal of moving away from a 'stovepipe,' single resource focus in conservation practices to a more integrated approach of achieving multiple resource goals. NRCS has made significant strides in this direction, but much work remains to be done. Effective pollinator protection practices often overlap and complement other conservation practices, particularly those designed to improve wildlife habitat, and vice versa. In other instances, a practice designed to achieve wildlife or other conservation practices could generate significant pollinator benefits by integrating modest enhancements. For example, a best management practice designed to reduce soil erosion properly designed can also help address other resource concerns such as pollinator habitat, wildlife and carbon sequestration. This is more efficient and effective for farmers and ranchers, resource protection and federal government programs.

Inter- and Intra-Agency Coordination—Report language could be included to encourage and require agencies to focus and better coordinate existing programs, both within USDA and with other agencies, to address pollinator needs.

Public-Private Collaboration—Report language could be included to encourage leveraging of limited resources through public-private partnerships involving stakeholders sharing similar objectives, such a via a Memorandum of Understanding with the Coevolution Institute.

CCD IS A SIGNIFICANT WAKEUP CALL ON IMPORTANCE OF CONSERVATION ACTION BENEFITING THE WIDER WORLD OF POLLINATORS

Even as efforts are appropriately focused on how to address Colony Collapse Disorder (CCD) and meet farmers' vital pollinator needs, CCD should also alert us to the simple but significant fact that we can no longer take honey bees and other insect and animal pollinators for granted.

We don't know enough yet about the massive loss of honey bee colonies from CCD to be able to conclude responsibly about its extent, cause(s) or remedy. We also don't know what the impact is on agriculture and, if any, on native pollinators. We do know that forces like habitat destruction, improper use of pesticides, invasive species and global warming are placing our pollinator world at risk. We do know that Farm Bill conservation programs are key to helping farmers and ranchers take action. Here are some actions that can be taken now, even as efforts move forward to address CCD and its impacts on honey bee colonies:

- Farmers can incorporate practical pollinator-beneficial practices now in their conservation efforts.
- Congress can help now by strengthening the Conservation, Research and other titles of the 2007 Farm Bill in targeted ways to provide farmers and ranchers with improved pollinator assistance.
- Federal agencies and other stakeholders can help now by increasing and focusing the pollinator component of research and conservation programs, coordinating their efforts and collaborating closely with the ag community and other managers of our natural resources.
- CoE/NAPPC pledges to help now by continuing to facilitate collaborative efforts for the benefit of pollinators and pollinator habitats and the agriculture systems and ecosystems that depend upon them.
- All Americans can help now with pollinator-friendly practices in their own back yards.

If CCD proves to be a serious problem this year, CoE cautions against scrambling to fill the void by importing other managed non-native pollinator species from other countries or other eco-regions. If CCD proves to be a persistent problem, the pressure to allow such remedies could grow. We need to avoid compounding one problem by creating others that could make the situation far worse. Imported species intended for a good use can quickly become out-of-control ***invasive*** species (including pests and diseases the imported species may carry and introduce). The unintended consequences could overwhelm the beneficial effects of conservation measures and actions facilitated by the Farm Bill.

This problem and the demonstrated risks involved are so great that NAPPC collaborators teamed up last year and produced a "Bee Importation White Paper" focused on the risks and consequences of importing non-native bumble bees. The following excerpt captures what is at stake:

> "Non-native species introductions may have dramatic negative consequences. In the last century, invasive species of all types have cost the U.S. an estimated $137 billion in damages (Pimentel et al. 2000). Yet introductions of exotic plants and animals persist, partly because those who introduce exotic plants and animals may not fully understand or bear the consequences of their behavior (Perrings et al. 2002), which can be devastating on both economic and ecological scales." [p. 23]

The full report is available at http://www.pollinator.org/Resources/BEEIMPORTATION_AUG2006.pdf and includes a number of key recommendations. If trans-boundary shipments of pollinating species are considered, the greatest care must be undertaken in developing effective protocols to prevent such unintended consequences.

Gleaning from recommendations in this report, CoE would urge the Subcommittee to help build a record by seeking answers to the following questions:

- What other threats do our pollinating partners—and the farmers and consumers who depend upon their services—face that we need to be paying attention to?

- What are researchers doing beyond honey bees? What are farmers doing? Many native pollinators can and do play significant pollinating roles, both as wild and managed inputs—for example, managed bumble bees, leafcutter bees, alkali bees, and orchard bees a variety of field and greenhouse crops and tree fruit and nut crops.
- What research is USDA currently conducting on pollinators, and what is it telling us?
- Is USDA undertaking any additional research as a result of the NAS report?
- What research and conservation activities related to pollinators and pollinator conservation are being undertaken by other federal agencies?
- Are USDA and other agencies coordinating their pollinator activities? Can they do a better job and benefit pollinators and their respective missions?
- Does USDA need any additional authority or funding from the Congress to get the job done?
- What are producers doing to better manage their pesticide use to minimize impacts on honey bees and native pollinators?
- Are producers practicing any pollinator conservation measures, habitat or other?
- What role if any do producers see for native pollinators playing in pollinating their crops? Do producers see an increased potential for native pollinators?

NATIONAL POLLINATOR WEEK JUNE 24-30, 2007

June 24-30, 2007 was designated as National Pollinator Week through action last fall by the U.S. Senate (S. Res. 580) and a proclamation by Secretary of Agriculture Mike Johanns. CoE/NAPPC is planning and facilitating a number of events in our Nation's capitol and at the local level throughout the country to celebrate and raise public awareness about our pollinating partners and the need to take actions that protect pollinators and their habitat. For example—

- On Monday, June 25, Dr. May Berenbaum, an internationally recognized entomologist and key witness at today's hearing, will be the featured speaker for the National Coalition for Food and Agricultural Research at a hill seminar in this hearing room, Dr. Berenbaum will be discussing research on the pollinator-agriculture connection.
- On Wednesday, June 27, a reception at USDA will honor famed entomologist E. O. Wilson.
- On Friday, June 29, Secretary of Agriculture Johanns and Postmaster General John E. Potter will preside over the first issue of a new pollination stamp series during a ceremony at USDA. The role of pollinators will be featured at the USDA farmer's market.

National Pollinator Week represents an excellent opportunity to highlight conservation programs under the Farm Bill and pollinator-friendly actions taken by American agriculture. CoE would be pleased to facilitate efforts by this Subcommittee and Committee and the Congress to schedule other appropriate activities and events during National Pollinator Week and beyond.

CoE stands ready to work with this Subcommittee and interested stakeholders to "pollinate" Conservation Title and other Farm Bill programs to help farmers and ranchers do their part in taking conservation actions to sustain and enhance habitats for managed and wild pollinators are sustained, for the benefit of agriculture, consumers and healthy ecosystems.

Respectfully Submitted,

Laurie Davies Adams
Executive Director

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FOR IMMEDIATE RELEASE APRIL 19, 2007

COEVOLUTION INSTITUTE CALLS FOR "POLLINATION" OF FARM BILL CONSERVATION TITLE

WASHINGTON, DC –The Coevolution Institute (CoE)called for pollinator-beneficial enhancements to the Conservation Title in comments filed at today's conservation hearing held by the House Agriculture Subcommittee on Conservation, Credit, Energy, and Research.

"Insect and other animal pollinators that help American agriculture produce much of the food we eat are at risk due to habitat losses and other problems," said Laurie Adams, CoE Executive Director. "Modest changes in Farm Bill conservation programs can be highly effective in helping agricultural producers protect pollinators and their habitat."

Insect and other animal pollinators play a pivotal part in the production of food that humans eat—with estimates as high as one out of every three bites—and in the reproduction of at least 80 percent of flowering plants. Commodities produced with the help of animal pollinators generate significant income for agricultural producers.

CoE believes existing Farm Bill conservation, forest management, research and other programs designed to work with and assist farm, ranch and forest land managers be strengthened to better address managed and native pollinator needs Candidate programs under the Conservation Title include the Environmental Quality Incentives Program (EQIP), the Conservation Reserve Program (CRP), the Conservation Security Program (CSP), the Wildlife Habitat Incentives Program (WHIP), the Farm and Ranchlands Protection Program, the Grasslands Reserve Program (GRP), the Wetlands Reserve Program (WRP) and the Watershed Rehabilitation Program, all capably operated by the USDA Natural Resources Conservation Service (NRCS) and its many partners.

"Pollinators, agriculture and healthy ecosystems deserve no less," concluded Adams.

CoE's full *statement, an executive summary and CoE's Farm Bill Recommendations can be accessed at* **http://pollinator.org/farm_bill.htm.**

***BEE Ready for National Pollinator Week*, June 24-30, 2007**. Events are being planned in our Nation's capitol and throughout the country to celebrate and raise public awareness about our pollinating partners and the need to take actions that protect pollinators and their habitat. For more information, go to http://www.pollinator.org.

The mission of CoE is to catalyze stewardship of biodiversity. CoE places a high priority on efforts to protect and enhance animal pollinators (invertebrates, birds and mammals) and their habitats in both working and wild lands. More information about CoE may be accessed at http://www.coevolution.org. CoE facilitates the North American Pollinator Protection Campaign (NAPPC), a tri-national collaboration working to promote awareness and scientific understanding of pollinators; gather, organize and disseminate information about pollinators; provide a forum to identify and discuss pollinator issues; and promote projects, initiatives and activities that enhance pollinators. For more information about NAPPC, go to http://www.nappc.org.

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Testimony of Robert G. Dreher
Vice President for Land Conservation
Defenders of Wildlife

Before the House
Subcommittee on Conservation, Credit, Energy, and Research
Committee on Agriculture
Hearing to Review USDA Farm Bill Conservation Programs
April 19, 2007

Mister Chairman and Members of the Subcommittee, I am Robert G. Dreher, Vice President for Land Conservation of Defenders of Wildlife. Thank you for the opportunity to submit for the record of the hearing Defenders' views regarding the conservation programs for the 2007 Farm Bill.

Founded in 1947, Defenders of Wildlife is a national non-profit organization with more than 500,000 members and supporters dedicated to the protection and restoration of wild animals and plants in their natural communities. Conservation of wildlife and habitat on the farm and ranch lands of America is central to that mission.

Seventy percent of the land in the United States is in private ownership for range, forestry, or agricultural use. Those lands are of critical importance to America's natural heritage. Almost 60 % of at risk species are on private or state lands. Indeed, nearly 40% of listed plant and animal species are found only on private or state lands. Conservation of this nation's biological diversity requires protecting the habitat of such listed species; it also requires preserving the habitat for a host of other species that are not listed as endangered, but require proactive conservation measures to ensure that their populations remain stable. America's private lands, and particularly our lands in agricultural production, are thus of critical importance to conservation.

Conservation on private lands can best be achieved when private landowners are willing partners in habitat protection, and the farm bill conservation programs are some of our most important tools for helping citizens help wildlife. The conservation title of the farm bill is the largest source of federal funding for natural resource conservation, providing an average of $3 billion per year between 2002 and 2006, exceeding funding for the Clean Air Act, the Clean Water Act and the Endangered Species Act combined. For these reasons, Defenders of Wildlife actively supported the conservation title of the 2002 Farm Bill, which contained the single largest appropriation for natural resource conservation in the nation's history. We have also been active in advising the Natural Resources Conservation Service, at the state and national level, on implementation of these conservation programs. We have conducted numerous examinations of stewardship incentives on a national and state level. We believe that our farm bill work and our broader examination of wildlife

incentive programs uniquely places us to recommend measures that will allow the farm bill programs to do an even better job of protecting and enhancing wildlife populations, while assisting producers.

My testimony will cover five areas:

1) The importance of reauthorizing and fully funding all of the conservation programs in the farm bill.
2) Defenders of Wildlife's opposition to consolidation of farm bill programs.
3) Defenders' specific recommendations for improving the various programs' efficacy for wildlife conservation.
4) Defenders' recommendations for applying farm bill programs in ways that reduce greenhouse gas emissions from agricultural production.
5) Defenders' policy prescriptions for supporting sustainable renewable energy, including biofuels production, through the farm bill.

1) Reauthorization and Full Funding of Farm Bill Programs

Defenders of Wildlife recognizes that the current farm bill is being debated in the context of a much more difficult funding scenario than the previous farm bill. Given the critical importance of the farm bill's conservation programs for wildlife and conservation of America's natural heritage, however, it is vital that funding for conservation programs be maintained at least at current levels and with dedicated funding streams. The farm bill has a significant impact on wildlife conservation. With nearly 40 percent of our country's threatened or endangered wildlife found only on private lands, how farmers, ranchers and foresters manage those lands will determine the future of many species.

For this reason, Defenders urges this subcommittee to ensure that the farm bill's conservation programs are sustained and funded. Defenders is particularly concerned that programs that are providing significant wildlife benefits, like the Wildlife Habitat Incentives Program (WHIP), the Wetlands Reserve Program (WRP), and the Grassland Reserve Program (GRP), be fully funded and maintained as separate initiatives.

2) Defenders of Wildlife's Opposition to Consolidation of Farm Bill Programs

The USDA has proposed to consolidate several current resource conservation programs into three basic programs for the 2007 Farm Bill: Working Lands or Cost Share programs; Easement programs, and the Conservation Security Program (CSP). The Working Lands or Cost Share programs would consolidate the Wildlife Habitat Incentives Program (WHIP), the Agricultural Management Assistance Program, the Forest Land Enhancement Program, the Ground and Surface Water Conservation Program, and the Klamath Basin Program into the Environmental Quality Incentives Program (EQIP). Similarly, the Farm and Ranchland Protection Program, the Healthy Forest Reserve Program, and the Grasslands Reserve Program would be combined into a Private Lands Protection Program.

While Defenders believes that administrative cost reduction and more landowner-friendly application procedures are important for improving program efficiency and promoting landowner

participation, we are concerned that incorporating WHIP and other programs into EQIP risks submerging the particular purposes of the WHIP program. We are likewise concerned that the biodiversity-specific goals of the GRP program would be lost under the umbrella of the Private Lands Protection Program. If Congress moves ahead with some form of consolidation, Defenders believes that it is essential that a substantial portion of funds under a combined EQIP program be specifically reserved for wildlife conservation to protect the purposes that WHIP now serves.

There are significant problems with incorporating WHIP into EQIP:

- The purposes of WHIP would likely be lost under the larger EQIP program. The current EQIP program mandates that 60% of total annual EQIP funding go to livestock-related resource problems, with the remaining 40% going to other resource concerns. The current "60/40" split is not conducive to prioritizing wildlife projects, and there may be no guarantee that any of the remaining 40% would be spent on fish and wildlife conservation.

- Overall funding for the wildlife-related projects would likely decrease despite the administration's proposal to increase the EQIP budget by 30% over the 2008-2017 period to accommodate the new programs. The increase would likely be applied to water quality, air quality, and irrigation sectors, as these conservation practices would likely score higher on the Environmental Benefits Index (EBI) project selection criterion. At the present time, EQIP projects are dominated by the confined animal feeding and irrigation agriculture sectors. According to data from the NRCS, from 2002-2006, only 6% of total national EQIP funds were dedicated to wildlife management practices; whereas 38% went to water quality and 29% went to soil management.

- There is no guarantee that WHIP would retain its separate emphasis on at-risk and threatened and endangered fish and wildlife when combined with the larger EQIP, which has different purposes and constituencies. Nothing in the administration's proposal would guarantee that a greater proportion of EQIP's funds would go to wildlife under a combined program. Moreover, based on the methodology by which NRCS records practices and performance, the conservation benefits derived from EQIP funds spent on fish and wildlife practices are mostly indeterminable.

- WHIP is the only conservation program that is currently open to all landowners. Other programs, including EQIP, are only open to agricultural producers. Many of the successful and beneficial WHIP projects are proposed by non-agricultural landowners, and would most likely not get funded under the current EQIP criteria. Opening up EQIP as a whole to all landowners to meet this objection would likely overwhelm the EQIP program, which already has a significant backlog of unfunded projects.

- WHIP includes a specific strategic component that focuses on the species of most need. Fifteen percent of total WHIP funding is targeted to at-risk species, through 100% cost-share for contracts of 15 years or longer. The strategic focus of WHIP funds on effective, long term wildlife conservation would be compromised if placed within the existing EQIP program.

- NRCS has used national WHIP funds to target specific species conservation problems on agricultural lands, for instance, initiatives aimed at aiding salmon and sage grouse. The ability to do this would be compromised if WHIP were incorporated into the current EQIP structure.

- WHIP funds practices (such as dam removal for fish passage; prairie restoration, etc.) that may not be eligible under those practices defined and allowed within the official USDA Conservation Practices guidelines and mandated under EQIP. Furthermore, some state NRCS offices do not offer wildlife practices through EQIP, which further reduces the program's ability to achieve multiple resource conservation objectives, particularly those for fish, wildlife, and their habitats. For example, Kansas has no wildlife-related conservation practices under EQIP.

Although concerns for administrative cost reduction and landowner convenience are legitimate, those concerns are not solved by offering several discrete options under EQIP as compared with maintaining the current separate programs. A more useful approach to decreasing administrative costs (and redundant technical assistance expenditures) and encouraging more landowner participation would be to have a "Universal" conservation application that is built on a comprehensive farm resource conservation plan. The "Idaho One" program can serve as a model in this regard. With these tools, landowners would submit just one application and focus on the areas of resource conservation that are the highest priority for a particular area. The various existing programs would remain separate entities with their own budgets and eligibility criteria and the landowner could choose those incentive programs that allowed him/her the most flexibility in meeting wildlife conservation objectives.

The argument has also been made that incorporating WHIP into EQIP would allow WHIP to offer incentive payments above and beyond the current cost-share structure. While this is true, and incentive payments for addressing at-risk species could improve targeted participation in the program, we believe the solution is to add an incentives component to WHIP and not risk diluting that program's current focus on at-risk and endangered species.

3) Specific Recommendations for Improving the Efficacy of Farm Bill Programs for Wildlife Conservation

One of Defenders' primary goals for the 2007 Farm Bill is to encourage farmers, ranchers and landowners to coordinate wildlife-related conservation activities funded under the Conservation Title of the Farm Bill with the goals and objectives of the Comprehensive Wildlife Conservation Strategies recently developed in each state, and with the National Fish Habitat Action Plan also recently completed. Coordination with the state wildlife strategies and with the national fish habitat action plan will help to ensure that wildlife conservation activities undertaken under the farm bill produce meaningful, strategically-considered conservation benefits for fish and wildlife, and will provide important financial support for states to achieve the goals and objectives of their plans. We propose inserting language into each conservation program, therefore, that would direct the Secretary to give priority in reviewing wildlife-related applications to projects that further the goals and objectives of the state wildlife strategies and the national fish habitat action plan.

We describe our recommendations for changes to improve particular conservation programs, including our recommendation for coordination with the state wildlife strategies and the national fish habitat plan, below.

Wildlife Habitat Incentives Program

Increasing Long Term Funding for Threatened and Endangered Species

We recommend an increase in the proportion of funding under WHIP that may be devoted to the long term cost-share agreements, for 15 years or longer, specified in Section 1240N(b)(2)(A) that protect wildlife habitat from 15% to 25%.

Wetlands Reserve Program

Inclusion of Riparian Areas

We recommend that the bill expand the WRP program to include funding for riparian habitat protection. In much of the western and southwestern U.S., riparian lands are the major component of those states' wetlands complex. Under current law, WRP funds can only be spent on riparian protection if the riparian area is adjacent to a wetland under permanent protection. We recommend that non-adjacent riparian lands per se be eligible for WRP. The inclusion of riparian lands would be a small portion of WRP acreage as riparian areas are narrow strips (e.g., 200 meters in width) of land running along wetlands, rivers and streams. This change is also justified from a regional equity standpoint as some states could use their complete allocations rather that return funds to NRCS.

Conservation Security Program

General Concerns

Defenders believes that the CSP is an important conservation program that should be continued in the 2007 Farm Bill, but recognizes that the program as implemented by the Natural Resources Conservation Service needs substantial reform. The current performance of CSP is criticized for two basic reasons: (1) it is inequitable, since many farmers seeking to participate are excluded, and (2) it may not be creating significant conservation benefits to justify its costs. One the first point, the CSP was intended as a national program open to qualified producers, but it has been implemented on a watershed basis in a piecemeal fashion. On the latter point, several evaluations of CSP have been released, but the conclusions are mixed with respect to whether the CSP has induced substantial new conservation effort.

Defenders believes that some reforms to the CSP program are necessary. Defenders is committed to working with the Senate and the House Agricultural Committees, as well as with a wide variety of farm and conservation groups, to propose constructive improvements to the CSP with respect to eligibility criteria, payment mechanisms, and providing continuous resource conservation improvements on working lands.

Defenders recommends that there be continuous enrollment for the CSP program.

Concerns Related to Wildlife Conservation Activities under CSP

Defenders is also concerned that the CSP program has unduly restricted landowners and producers from undertaking wildlife conservation activities, requiring applicants to focus at the entry levels of the program on soil and water conservation even where those resources may not be the resources of highest concern for a state. Defenders believes that a general reform of CSP should focus the program on the resources of highest concern in a particular watershed. In the event the program is not generally reformed, Defenders recommends that landowners and producers should at least have

their choice of addressing 2 or more of 4 Resources of Concern at all Tier levels, and that wildlife and wildlife habitat should an eligible Resource of Concern at all Tiers.

Grasslands Reserve Program

Acreage levels and enrollment goal

Defenders of Wildlife proposes increasing the acreage level for the Grasslands Reserve Program from 2 million to 10 million acres. We also propose setting a goal for enrollment of at least 2 million acres of native grasslands.

Rollover of CRP lands

We propose that up to 5 million acres of CRP land to be allowed to be enrolled into the GRP "if the Secretary determines that enrollment of the land will support plant and animal biodiversity and advance the other objectives of the grassland reserve program."

Ranking criteria

Defenders recommends the addition of a provision stating: "The Secretary shall also ensure that criteria prioritize projects involving multiple landowners in a cooperative effort to achieve specific goals with respect to plants and animal biodiversity."

Grasslands Reserve Enhancement Program

We support inclusion in GRP of a GREP, similar in structure to CREP, to maximize state and private funds.

Environmental Quality Incentives Program

Proactive Predator Deterrence

In keeping with the proactive predator deterrence work we have conducted in the western states, we propose adding language that would allow EQIP funds to be used nationwide for proactive predator deterrence for large carnivores. There is precedent for this in the state of Montana, where EQIP funds have been used for range riders, carcass removal, and electrical fencing around calving areas. This use of EQIP funds would be consistent with the intent of EQIP to assist farmers and ranchers to comply with protecting species listed under the Endangered Species Act.

Animal Waste Management Provisions

Defenders of Wildlife believes that the EQIP program needs to include safeguards that prevent subsidizing practices that can be harmful to the environment in the long term, specifically manure lagoons for new and expanding confined animal feeding operations. We recommend EQIP reforms that:

1) Prohibit new or expanding concentrated animal feeding operations (CAFOs) from receiving cost-share assistance for installation of animal waste management facilities and related equipment;
2) Prohibit individuals and entities that have an interest in more than one CAFO from receiving cost-share assistance for animal waste management facilities and related equipment;
3) Prohibit CAFOs sited in a 100-year floodplain from receiving cost-share assistance for animal waste management facilities and related equipment;
4) Require all participants receiving cost-share assistance for animal waste management facilities to develop and implement a Comprehensive Nutrient Management Plan;
5) Set the payment limitation at no more than $100,000 for a 5-year contract or $60,000 for a 3-year contract.

Sodsaver
Defenders endorses a "Sodsaver" provision in the 2007 Farm Bill that would disallow federal farm benefits on newly broken grasslands. The Farm Services Agency has estimated that nearly 300,000 acres of native prairie in the eastern Dakotas has been converted to cropland since 2002, resulting in significant wildlife damage, especially to native and migratory avian species that are already at risk. The provision is being endorsed by a broad cross-section of conservation and sportsman groups, including Defenders. The 2007 Farm Bill should also include language specifying that producers who violate Swampbuster, Sodbuster or Sodsaver provisions are ineligible for crop insurance as well as other federal farm programs.

Conservation Reserve Enhancement Program
State conservationists should be allowed to waive the per acre payment limits on irrigated lands. This change would be significant in areas with high land values where current CREP rental payment rates are not competitive.

Conservation Technical Assistance
Expanded program funding risks being wasted or misused without appropriate levels of technical assistance. Furthermore, limited funds for technical assistance prevents many producers who want to be good stewards from participating in conservation programs because they are most in need of technical assistance, not financial assistance. Therefore, we strongly recommend increased funding for Conservation Technical Assistance. As a complement to increased technical assistance, Defenders is proposing the creation of a Resource Conservation Corps. The general idea for the Corps would be to offer tuition assistance to college graduates in the agricultural sciences in exchange for two years of service with the NRCS.

4) Defenders of Wildlife's Recommendations for Applying Farm Bill Programs in Ways that Reduce Greenhouse Gas Emissions from Agricultural Production

According to the most recent EPA analysis, U.S. livestock and manure, rice cultivation, soil management and field burning of agricultural residues totaled 536.3 teragrams carbon dioxide equivalent (TG CO_2 Eq.), or 7% of U.S. greenhouse gas emissions. Farm equipment accounts for 48.4 TG CO_2 Eq. Conversion of grassland to cultivation contributed another 7.2 TG CO_2 Eq. The EPA's figures do not include specific amounts for agricultural product transport; however, the USDA estimates that "agriculture accounts for nearly one-third of all freight transport services provided in this country," suggesting that domestic carbon dioxide from agriculture shipping is probably in the ballpark of 120 TG CO_2 Eq. per year. Agricultural operations in the United States thus contribute almost 10% of this nation's total emissions of greenhouse gases.

The three main greenhouse gases released in agricultural production are carbon dioxide, nitrous oxide, and methane. A relatively small amount of carbon dioxide is released by the operation of farm equipment, and a much larger amount comes from long-distance transport of farm commodities. Nitrous oxide release comes from two main sources, chemical fertilizer and livestock manure. N_2O release results from the combination of ammonia (NH_3) with water. Methane is produced during the digestive process through a microbial process called enteric fermentation. Ruminant animals, such as cattle and sheep are the major producers of methane, because they rely heavily on microbial fermentation to convert the cellulose in their feed into useable food. Enteric

fermentation in 2005 accounted for 112.1 TG CO_2 Eq. of methane - 71% of which came from beef cattle. Methane release depends mainly on the number of livestock animals and the quality and intake of feed. Methane is also produced when manure is treated in a liquid, such as in lagoons, which create oxygen-depleted environments and promote anaerobic decomposition. Rice cultivation also releases a small amount of methane.

Defenders believes that the farm bill programs can be instrumental in helping producers to reduce greenhouse gas emissions by rewarding no-till agriculture to enhance soil carbon storage; facilitating improvements in manure handling practices; and providing technical assistance for best practices in fertilizer management to reduce nitrous oxide emissions. The Conservation Security Program and the Environmental Quality Incentives Program are particularly well-positioned to help farmers achieve these goals. Defenders recommends that the next farm bill add "reduction of greenhouse gas emissions" as a purpose under EQIP and as a conservation practice or significant resource of concern under CSP. The conservation easement programs (CRP, GRP, and FRPP) are also critically important for their role in establishing or maintaining perennial cover, and for reducing the pressure to convert lands to row crops or housing due to the pressures of suburban sprawl.

We support the provisions in H.R. 1551 that establish demonstration projects for manure processing and precision nutrient application under Section 1240(k) of EQIP, and the conservation innovation grants section under H.R. 1600 for solar and wind projects and conversion of farm equipment to run on biodiesel.

The energy title of the farm bill also has several important renewable energy and efficiency programs, all of which should be reauthorized and fully funded. H.R. 1551 and H.R. 1600 contain energy title provisions that we support, including: creation of a GHG advisory panel to evaluate the greenhouse gas impact of a number of practices; cost-share for methane digesters; an energy reserve program; as well as reauthorizing the renewable energy and efficiency programs, the bioenergy program and biomass research program, and the research program for agricultural soils mitigation of greenhouse gases.

Defender also supports the measures in H.R. 1551 and H.R. 1600 that encourage more consumption of locally grown fruits and vegetables. Given that most produce travels an average of 1,500 miles to reach the consumer, these provisions present an opportunity to begin to decrease the emissions associated with transport.

5) Defenders' Policy Prescriptions for Supporting Sustainable Renewable Energy, Including Biofuels Production, Through the Farm Bill.

Defender of Wildlife supports the development of biofuels production capacity, especially the cellulosic ethanol industry, but believes that any biofuels program must take into account the needs of wildlife, reduce greenhouse gas emissions, and preserve environmental quality. Defenders opposes using the environmentally-sensitive lands protected through the Conservation Reserve Program (CRP) or fast-disappearing native prairie land to grow biofuels crops. Also, it is essential that biofuel crops are grown in close proximity to ethanol plants otherwise transportation costs and resulting emissions negate the benefits of using biofuels to curb greenhouse gas emissions. Defenders supports the National Wildlife Federation's proposal to establish a Biofuels Innovation

Program, a new Farm Bill Energy Title program that would address these concerns and promote the sustainable production of the "next generation" of biomass energy.

Protect the Conservation Reserve Program
Defenders of Wildlife opposes allowing CRP participants to exit their contracts early, without penalty, to grow corn for ethanol production. The wildlife habitat values and erosion reduction provided by CRP enrollment outweigh the benefits of early contract withdrawal, particularly given projections of very large increases in corn production on non-enrolled lands or lands already voluntarily coming out of enrollment. CRP land provides important habitat for a number of grassland birds, many of which are declining sharply. CRP lands are also important nesting grounds for many ducks and other waterfowl. Converting this land to corn would result in the loss of this wildlife habitat. Putting CRP land back into production could also lower water quality through increased erosion and runoff that would carry soil and excess nutrients into local waterways. Because corn requires large amounts of fertilizers, excess nutrients would significantly add to water quality problems.

With nearly three million acres, roughly 10%, of CRP land eligible to leave the program in 2008, we do not need to allow farmers to break their contracts early. CRP must continue its goal of protecting marginal lands.

Avoid Additional Destruction of Native Prairie or Rangelands
Native prairie land in the United States is quickly becoming a thing of the past. Utilizing these lands for biofuels production would further accelerate the destruction of this pristine, wildlife rich ecosystem. With plenty of additional land already available for biofuels production, breaking out these native lands is unnecessary and would have a negative effect on these vitally important habitats.

Avoid Increasing the Corn in Corn/Soy Rotations
Soybeans put nitrogen back into the soil. Increasing the frequency of corn growth in a corn/soy rotation would decrease the benefits the rotation provides to maintaining healthy soils. Additionally, decreasing the frequency of soybean plantings would increase the need for additional fertilizer usage to compensate for the lack of nitrogen fixation from growing soybeans.

Decrease Transportation Distances
Biofuels can help curb the greenhouse gas emissions that contribute to global warming. To achieve this, biofuels must be grown near the production plants that will be processing them. This minimizes transportation emissions and helps maximize the net energy gained from growing and processing the plants used. In addition, this adds economic and job benefits to rural communities across the country. Further greenhouse gas reductions can be achieved if renewable fuels are used in ethanol production itself.

Create a Biofuels Innovation Program
Defenders of Wildlife supports a newly proposed "Biofuels Innovation Program" (BIP) aimed at jump starting the biofuels industry over the next ten years in a way that protects wildlife and the environment. It does so by protecting native prairies and lands protected by the Conservation Reserve, Grassland Reserve and Wetlands Reserve Programs. Additionally, participants must follow guidelines that restrict when a crop can be harvested and designate that a certain amount of ground

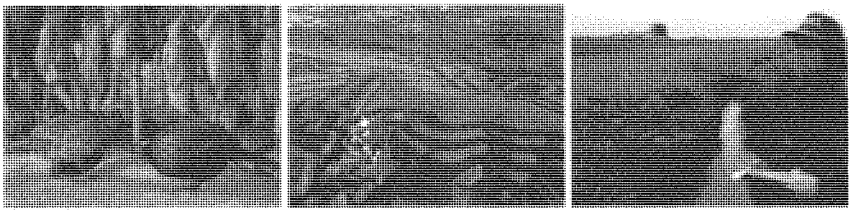
cover remains for wildlife habitat. To achieve these goals, Defenders supports the addition of the BIP to the Energy Title of the 2007 Farm Bill.

Conclusion

Thank you for allowing Defenders of Wildlife to present our views on how to improve the conservation provisions in the farm bill to better benefit wildlife, farmers and ranchers, and rural communities. Because of the profound importance of the wildlife and biodiversity values on private lands across our nation, America's farmers, ranchers, and forest owners are essential partners in conservation. We look forward to working with the Agriculture Committee to ensure the 2007 Farm Bill provides them with the resources they need to be good stewards of their land.

Conservation Security Program Drives Resource Management

An Assessment of CSP Implementation in Five Midwestern States



April 2007

by Tim Gieseke, The Minnesota Project

in collaboration with
Illinois Stewardship Alliance
Land Stewardship Project
Michael Fields Agricultural Institute
Missouri Rural Crisis Center
Practical Farmers of Iowa

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This study was made possible through the efforts of the Illinois Stewardship Alliance, Land Stewardship Project (Minnesota), Michael Fields Agricultural Institute (Wisconsin), the Minnesota Project, Missouri Rural Crisis Center, and Practical Farmers of Iowa.

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We also want to acknowledge the generosity of the Natural Resources Conservation Service staff who gave their insight on the experiences of implementing the Conservation Security Program (CSP). Their local and state level perspective provided a further understanding to the challenges and successes of the CSP that would otherwise have been unattainable.

This report was authored in collaboration with the Illinois Stewardship Alliance, Land Stewardship Project, Michael Fields Agricultural Institute, Minnesota Project, Missouri Rural Crisis Center, and Practical Farmers of Iowa. Special thanks for project coordination by Jeanne Merrill (Michael Fields) and editing assistance from Loni Kemp (Minnesota Project) and Margaret Krome (Michael Fields.) April, 2007.

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About the Author

Tim Gieseke is the Agriculture and Environmental Policy Specialist for the Minnesota Project with a focus on the conservation provisions of the federal farm bill, particularly the policy and implementation aspects of the Conservation Security Program. His work also includes training and assistance to private sector agricultural professionals to incorporate resource assessments and conservation planning services into their service portfolio.

Prior to his current policy role, Gieseke directed the Carver Soil and Water Conservation District (MN) in implementing local, state and federal conservation programs for urban and rural landscapes.

As an active farmer in south-central Minnesota, he has been enrolled in the commodity and conservation programs of the 1996 and 2002 Farm Bills.

Gieseke received his master's degree in Environmental Sciences from Minnesota State University — Mankato that included his M.S. thesis, *A Comparison of Sediment and Phosphorus Losses from Rock Inlets and Open Inlets in the Lower Minnesota River Basin.*

Photographs in this report are courtesy of the Natural Resources Conservation Service, Department of Energy, and the Minnesota Project.

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EXECUTIVE SUMMARY

Created in the 2002 Farm Bill, the Conservation Security Program (CSP) is the country's first green payments program. Designed to promote natural resource conservation on working agricultural lands, CSP financially rewards farmers and ranchers for their excellence in land stewardship. CSP goes further than any other federal program in promoting agricultural conservation. Rather than address a single natural resource concern at a time, Congress intended this program to foster whole-farm comprehensive conservation planning, implementation, and maintenance. The program provides three tiers of financial incentives to agricultural producers for actively managing soil, water, air, wildlife, and energy resources on their operations. The CSP is the first federal farm conservation program to require participants to achieve USDA's standards for natural resource non-degradation and sustainability, while also providing incentives to exceed those high standards.

CSP offers a new and exciting vision for agricultural conservation in the United States.

This vision is put into practice by the United States Department of Agriculture's Natural Resources Conservation Service (NRCS), the agency charged with CSP implementation. In March 2004, at the National Leadership Team Meeting, Bruce Knight, then chief of NRCS, said that CSP would have a profound effect on NRCS and its conservation partners. He said:

> *"CSP will revolutionize the way we work, the way we operate and the way we think. Because CSP is a resource-based enhancement program, producers of all types of agricultural uses and agricultural operations will be eligible to enroll. The CSP revolution will reverse our growing emphasis on program-driven approaches and lead us back toward a conservation planning approach that is resource driven."*

In our study, we explore how the CSP revolution is working in practice. Our research reviews CSP implementation in five Midwestern states — Illinois, Iowa, Minnesota, Missouri, and Wisconsin. We examine farmers' and conservation agency staffers' perceptions about the CSP application process; the adequacy and transparency of CSP's payment system; and, most importantly, CSP's impacts on developing new, on-farm conservation practices and agricultural diversity.

We used qualitative research methods, combining interviews and document review. From the summer to fall of 2006, we conducted 67 interviews with farmers, NRCS local and state staff, and local conservation partners in Illinois, Iowa, Minnesota, Missouri and Wisconsin. The interviews, along with documents related to CSP, were assessed and analyzed by the Minnesota Project with input from other project partners. We sought information on whether or not CSP is rewarding on-farm conservation and providing incentives for farmers to add new conservation practices for their operations. We also looked at barriers to farmer entry into CSP, and implementation problems farmers and staff experienced. Finally, we offer recommendations to further strengthen the program and broaden its impact.

Our study finds that the Conservation Security Program is succeeding in its primary goals in the Midwest:

- It is reaching all types of farms, as evidenced by the enrollment of a wide range of farm sizes, and a variety of cropping systems and livestock systems. This includes conservation-oriented systems such as resource conserving crop rotations, organic production, management-intensive grazing, and those who already operate according to a farm conservation plan.
- It is effective at addressing the whole farm, since many enrollees are in Tiers 2 and 3 (which require whole farm enrollment). The requirement to include both owned and

rented land has been successful, demonstrated by the fact that half of the acres in the contracts were rented by the operators.

- Farmers were generally pleased with the technical and administrative assistance they received from NRCS staff.
- Farmers were pleased with their payments, appreciated being compensated for their conservation efforts, and felt CSP helped make their farms more profitable.
- CSP is clearly motivating farmers to add new conservation practices to their operations, with emphasis on wildlife habitat.
- When asked, every farmer and staff person interviewed said they want CSP to be continued in the new farm bill, even farmers who were turned down the first time.

This study also found a number of problems and areas requiring improvement:

- Funding limitations have driven NRCS to implement numerous restrictions and limitations, such as only offering CSP in select watersheds and limiting a wide variety of program elements. This has led to a frustrating level of complexity in administration, as well as a growing sense of unfairness among farmers in different watersheds.
- Portions of the program's payment system lack transparency, so that farmers sometimes have little idea how their conservation system and practice choices relate to their payments.
- It appears that a few enhancement payments may be paying too much, while others may pay too little.
- Short notification and short sign-up periods, offered in different watersheds each year, have led to an inability of some farmers to prepare themselves for application, and a very steep learning curve for local NRCS staff. NRCS staff also felt challenged by the assistance needs of those applicants who were not well prepared with their conservation information.
- NRCS staff often feels burdened and even overwhelmed by the CSP paperwork required by their agency.

We provide the following recommendations to address the findings of this study:

- Congress should commit to full and uninterrupted funding for the CSP. While envisioned as a nationwide program, the funding shortfall and resulting USDA decision to deliver by watersheds has led to many of the program's flaws and challenges.
- In order to function as a true incentive and motivational program, NRCS needs to develop a more refined list of enhancement payments, practices, and outcomes so that farmers and ranchers can choose to change their practices with full knowledge of what the incentive payments will be.
- NRCS needs to develop its own capacity, as well as the training and certification of outside technical service providers, to deliver resource assessments and conservation planning as preparation for CSP. NRCS funding for technical assistance should be increased beyond the 15 percent of program funding now allowed, and those funds should also cover outreach and preparation of farmers and ranchers prior to the time they enroll. It will require involvement from the farmers' and ranchers' professional and business advisors, local governmental technical staff, and state conservation agencies. NRCS cannot do this alone.

- NRCS needs to conduct and support extensive outreach to farmers and ranchers who are not now their clients. This is especially true for regions of the country that may not have participated in conservation programs previously, and for minority, beginning, and women farmers and ranchers.
- The CSP should be open on a predictable and reasonable timetable to all farmers and ranchers who want to participate, in order to achieve fairness to all. Ideally, farmers and ranchers could all do their benchmark resource assessments, develop their CSP conservation plan, and come in to their county office to apply for CSP at a time that is right for them. At a minimum, we recommend that CSP be available to all agricultural producers, on an on-going, continuous sign-up basis, based upon an established and predictable budget.
- All sign-ups should be scheduled by appointment and include a completed, simple document — call it a CSP EZ Form — that includes the calculated soil conditioning index (or comparable index), water quality resource eligibility tool, and the assessment and calculation for the third resource of concern for the Tier 2 applications and all resource concerns for Tier 3 applications. Farmers and ranchers and/or their professional crop and production advisor would sign all forms for accountability purposes. To confirm accuracy, all records must be kept for the length of the contract plus three years and be available for audit.
- CSP should be assessed annually for environmental outcomes and cost-effectiveness. As we learn which enhancements are most cost-effective and what level of payment is necessary to induce participation, NRCS should make annual adjustments. As an outcome-based or indices-based program, adjustments to indices ranges and values can be readily made as results of the Conservation Effects Assessment Project and similar research are available.
- EQIP should be seamlessly integrated with CSP, so that EQIP can address the resources of concern that are supported by the CSP and producers who are not within striking distance of meeting the sustainability or non-degradation standards necessary to enroll in the CSP can take remedial action to reach those higher standards. EQIP should require progressive planning, and priority should be given to producers who can achieve the greatest progress

SECTION I
INTRODUCTION

Conservation Security Program

The Conservation Security Program (CSP) is an innovative federal farm program that was created in the 2002 federal farm bill. The CSP financially rewards farmers who actively manage soil, water, air, plants, animals, and energy resources to enhance the production resources, natural resources and amenities of their farming operations. The CSP is the first "green payments" program in the nation, intended to reward conservation on working farmlands. There are three levels or tiers of payments, with greater payments rewarding more comprehensive stewardship.

The CSP is able to exercise this new model for federal farm programs by using resource assessments, indices, ratings, and evaluations to determine the performance-based outcomes on each individual farm. Monetary values are then allocated to these conservation benefits, and a contract between the farmer and the NRCS is developed for up to ten years.

The CSP has greatly expanded the vision on what federal farm policy can achieve. It is comprehensive in its approach. Thus, it is designed to simultaneously provide financial support to farmers who meet resource standards, comply with the World Trade Organization agreements on how farmers can be subsidized, and reward the conservation of our production and natural resources. In sum, for a farmer, crop consultant, agriculture advisor, banker, cooperative manager, grower association, policy advocate, world trade advisor or consumer, the Conservation Security Program has the ability to achieve goals that have been envisioned by each of these perspectives for agriculture in the 21st century.

CSP Study

The CSP has been noted as being the third revolution in private lands conservation, following only the conception of the Natural Resource Conservation Service in 1935 (originally called the Soil Conservation Service), and the revolution of conservation compliance of the 1985 Farm Bill, where crop subsidies were tied to basic conservation standards.

The CSP is revolutionary not only in creating a system of rewards and motivation for conservation on working farms. Also it has created a new approach to how farmers interact with the NRCS, how farmers decide what conservation practices to implement and how the NRCS employees deliver conservation assistance. Given the new ground covered by the CSP, it is imperative to understand the successes, barriers and obstacles of this relatively new program.

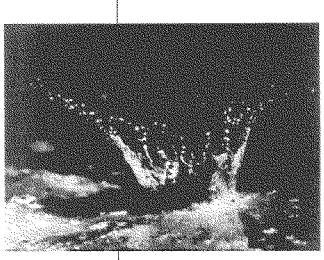
In our comprehensive study of CSP implementation in the Midwest we sought information on several topics. First, we reviewed whether or not CSP is rewarding on-farm conservation

and providing incentives for farmers to add new conservation practices for their operations. We also looked at barriers to farmer entry into CSP, and implementation problems farmers and staff experienced. From the results of those inquiries, this report includes recommendations to further strengthen the program and broaden its impact.

This CSP evaluation was conducted to compile firsthand experiences from farmers who applied for CSP contracts and NRCS staff who had the responsibility to administer the CSP. These recorded experiences are used in both a qualitative and quantitative manner to describe farmers' perceptions of the CSP, the application process, and how the program influences the management decision of the farms' production and natural resources. Interview responses also provide insight on how the CSP can evolve to achieve its congressional intent.

Specifically, we seek to use these recorded experiences to provide recommendations for:

1. Funding
2. Administrative and technical assistance
3. Increasing program transparency
4. Application process and paperwork streamlining
5. Improving outreach and sign-up periods
6. Program evaluation
7. Conservation program coordination



Study Participants

Our CSP study was a collaborative effort in its design and implementation. The project partners are the Illinois Stewardship Alliance, Land Stewardship Project, Michael Fields Agricultural Institute, Minnesota Project, Missouri Rural Crisis Center, and Practical Farmers of Iowa. For more information on the project partners, please see Appendix A.

Study Methodology

Using qualitative research methods, we conducted 67 interviews in five Midwest states, Illinois, Iowa, Minnesota, Missouri, and Wisconsin. We interviewed 35 CSP-enrolled farmers, 10 farmers who were denied CSP contracts, 16 district-level NRCS staff and local conservation partners (i.e. Extension, RCD staff, etc), and six NRCS state-level CSP coordinators. We interviewed farmers who enrolled in the CSP in 2005 and 2006, identifying them by polling farmer members of our organizations, using contacts made through our CSP outreach, and following recommendations from NRCS staff.

From July through November 2006, we conducted interviews in person and over the phone using both an open-ended and closed question interview format. We asked questions that related to farmer conservation practices, perceptions of the program, and recommendations for future changes to CSP. The interviews were analyzed by the Minnesota Project with input from the project partners.

See Appendix B for a list of interview questions and Appendix C for more details on the farmers interviewed.

Overview of Report

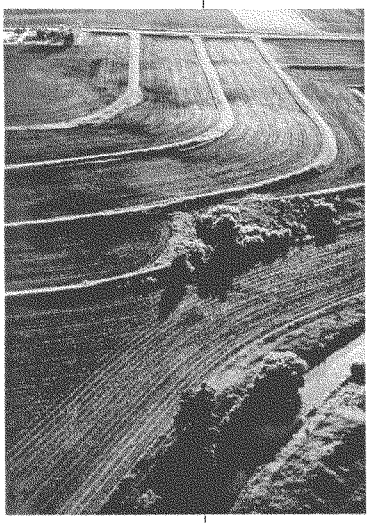
In Section 2, we discuss the history of CSP, including its origins, rulemaking and struggles for funding. We also include a short review of CSP implementation. In Section 3, we review our study's findings. Finally, in Section 4, we outline our recommendations for improving CSP funding and implementation.

SECTION 2
CSP HISTORY AND PROGRAM IMPLEMENTATION

CSP History

Origins

The CSP arose directly from several concerns expressed by farmers and ranchers in many parts of the country. For example, they said that existing farm programs encouraged unsustainable farming practices and that there were few programs that rewarded stewardship on working farmlands. Farmers were also concerned that good stewards who invested in sustainable agriculture practices often competed in the market against farmers who not only had not made those investments but were subsidized for commodity crop production.



While CSP grew out of engagement from farmers active in sustainable agriculture policy development, over the course of 2001, a number of farm and commodity groups and conservation and environmental groups joined in support of CSP.

Authorization

Some of the farmers who helped conceptualize CSP lived in Iowa, and early in the formulation of the program, advocates found a strong sponsor in Senator Tom Harkin (D-IA). Three versions of the CSP bill were introduced before it was authorized. In 1999, Senator Harkin initially introduced the bill without any co-sponsors. He introduced it in the Senate again in 2000 with Senator Gordon Smith (R-OR) as the lead co-sponsor, and a matching bill was introduced by David Minge (D-MN) in the House. Harkin again introduced CSP in 2001with modifications made through nearly 30 drafts, along with his other Farm Bill proposals. By this time, Senator Harkin had become Chairman of the Senate Agriculture Committee. An identical bill was also introduced in the House, with Representatives John Thune (R-SD) and Marcy Kaptur (D-OH) taking the lead.

The House 2002 Farm Bill did not ultimately include CSP. In the Senate, the CSP passed the Agriculture Committee and the full Senate without any amendments. The program became a major point of negotiation in the House-Senate Conference, with Senator Harkin insisting that the Farm Bill would not be passed unless CSP was a part of the legislation. Some changes were made in conference, including a reduction in the amount of money available for technical assistance and a weakening of the link between sustainable agriculture systems and the top participation tier. However, the conference agreement retained the program's status as an entitlement type program that enrolls any interested farmer or rancher who can meet the high threshold of conservation and environmental conditions.

Implementation Process

The Farm Bill was signed in May 2002. By August 2002, USDA staff had already drafted proposed rules to implement the program. But then began a protracted period in which the political level of the Department and Administration decided to not make those proposed

rules public, prompting a nationwide grassroots campaign, including a sign-on letter endorsed by more than a dozen senators urging USDA to develop a rule. USDA instead held CSP listening sessions, followed by an Advanced Notice of Proposed Rulemaking, which included a list of 15 questions for public comment. The ANPR resulted in a flood of public comment and was eventually followed by the issuance of a Proposed Rule, to which there was an enormous response, with over 14,000 public comments.

There have been two further rulemaking/public comment periods for "Interim Final Rules" of CSP without a Final Rule having been proposed. Plus, for each of the three sign-ups to date, in 2004, 2005, and 2006, USDA has issued an Administrative Notice laying out the unique rules for that particular year.

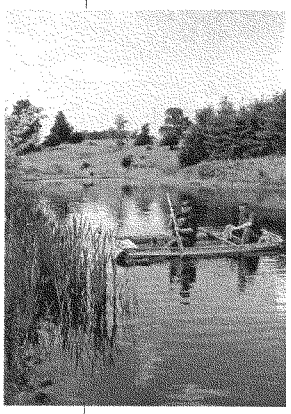
Budget/Appropriations Process

In the 2002 Farm Bill, Congress authorized the Conservation Security Program as a nationwide entitlement program. In 2004, the Congressional Budget Office estimated that such a program would cost about a billion dollars a year. However, despite such clear Congressional intent having been signed into law, the program has been subject to major funding losses that have had tremendous impact on its implementation.

Every year since the 2002 Farm Bill passed, the House has proposed a cap on CSP as part of its appropriations process. CSP supporters in the Senate point out the oxymoron of a "capped entitlement" program, and the Senate has consistently opposed such a cap; each year there has been a compromise on this point, with the result that CSP funding has been whittled away each year and the resulting sign-ups for the program have taken place in fewer watersheds than originally intended by USDA.

A second continuing threat to CSP funding has been the series of emergency disaster relief bills. For example, in 2003, $3 billion was cut from the 10-year CSP budget line to support flooding and drought relief spending. The Senate leadership promised to put the $3 billion dollars back into the pot of long-term CSP funding, which they did for Fiscal Year 2004 appropriations. However, later in 2004, once again another Agricultural Disaster Relief Bill used the $3 billion as an offset for agricultural drought assistance. In 2005, the Administration proposed to cap the program at just $274 million, or $375 million less than the Congressional Budget Office had estimated would constitute full funding for Fiscal Year 2006. The continuing resolution for Fiscal Year 2007 keeps CSP funded at these same low levels.

One more cut was also taken, in 2005, during the budget reconciliation process, when $1 billion was taken from CSP long-term funding, for a total $4.3 billion loss from funding promised to the CSP.



Funding Cuts and CSP Implementation

These funding cuts have had grave consequences on the ground. First, in the face of limited funding, the USDA began its first CSP signup in 2004 by picking only 18 watersheds around the nation (out of over 2000) in which eligible farmers and ranchers could apply for CSP funding. The following year, USDA expanded the number of watersheds to 220, including at least one in every state, but still enrolled farmers and ranchers on a watershed-by-watershed basis.

Because funding each year has to pay for ongoing contract commitments from previous years, the very low Fiscal Year 2006 funding severely limited not only the number of watersheds in which the program could operate (60 watersheds), but the number of eligible new farmers

and ranchers in those watersheds who could be accepted into the program. By keeping Fiscal Year 2007 funding at those same low levels, it seems unlikely that there will be new signups at all in 2007.

CSP Implementation

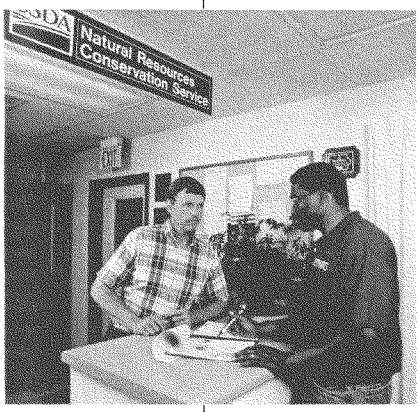
Agricultural producers — individuals or entities engaged in livestock or crop production on working lands — may participate in the CSP.

Eligibility

To participate in CSP, a producer must meet several basic eligibility criteria, including:

- have control of his land for the life of the contract.
- share in the risk of producing the crop or livestock.
- be in compliance with highly erodible land and wetland conservation provisions.

The CSP application process is limited to producers in selected watersheds across the nation. The selected watersheds are based upon the United States Geological Survey HUC-8 description (8-digit Hydrological Unit Code). There are 2118 HUC-8 watersheds in the nation.



Application Process

In order to apply to CSP applicants must submit:

1. A completed self-assessment workbook including a benchmark inventory.
(http://www.nrcs.usda.gov/Programs/csp/)

2. Two years of written records to document past stewardship levels on production systems.

3. A completed Conservation Program Application CCC-120 that is available through the self-assessment online guide and at any USDA Service Center.

NRCS then determines CSP eligibility based on the application, description of current conservation activities, and an interview with the applicant. NRCS also uses this information to determine the applicant's program tier and enrollment category.

CSP Tiers

For Tier 1, producer must have addressed soil quality and water quality to a described minimum level of treatment on part of the agricultural operation prior to acceptance.

For Tier 2, producers must have addressed soil quality and water quality to the described minimum level of treatment on the entire agricultural operation prior to acceptance and agree to address an additional resource of concern applicable to their watershed by the end of the contract period.

For Tier 3, the producer must have addressed all applicable resource concerns to a resource management system level that meets the NRCS Field Office Technical Guide Standards on the

entire agricultural operation before acceptance into the program and have riparian zones adequately treated.

Approval Process

Once eligibility for the program is established, NRCS determines which contracts it will fund based on the enrollment categories and subcategories.

CSP Contract Payments and Limits

CSP contract payments include one or more of the following components:

1. An annual per acre stewardship component for the benchmark conservation treatment.
2. An annual existing practice component for maintaining existing conservation practices. Existing practice payments are calculated as a flat rate of 25 percent of the stewardship payment.
3. A new practice component for additional practices on the watershed specific list.
4. An annual enhancement component for exceptional conservation effort and additional conservation practices or activities.

Tier 1 contracts are capped at $20,000; Tier 2 contracts at $35,000 and Tier 3 contracts at $45,000.

Contract Modifications

Contracts can be modified to include new conservation and payments. Contracts can be modified through:

1. Tier Transitions: Adding conservation that allows the producer to advance tiers.
2. Newly Acquired Land: Adding lands that meet standards to existing tier contract.
3. Adding Enhancements: Adding practices that meet enhancement standards to existing tier contract.

CSP Farms and Acres Enrolled

The first CSP sign-up was held in the summer of 2004 in 18 watersheds. Nearly, 2,200 farms and ranches enrolled nearly two million acres.

In 2005, 220 watersheds conducted a sign-up, with nearly 13,000 farms enrolling over ten million acres.

In 2006, 60 watersheds enrolled 4400 farms covering 3.7 million acres.

In total, 280 watersheds have had a CSP sign-up, only 13 percent of all 2118 watersheds. Some 20,000 farms have CSP contracts totaling 16 million acres.

A total of $503 million has been appropriated for the contract payments in 2004–2006, and these contracts represent $2 billion in long-term funding for these multi-year contracts.

SECTION 3
STUDY FINDINGS

CSP Influence on Resource Management Decisions

Here we explore the addition of new conservation practices by farmers, diversification of farm operations, and the program's impact on wildlife habitat. While we asked farmers directly about new conservation practices, our understanding of CSP's impact on diversification and wildlife habitat comes largely from interviews with state and local conservation agency staff.

The following is a brief summary of our findings. A high percentage of farmers added new conservation practices and activities to their operations, especially in the area of benefiting wildlife. The CSP did encourage some farmers to diversify their production systems to meet CSP standards, such as adding a cover crop. But most changes credited to the CSP addressed natural resources management such as adding wildlife habitat. NRCS staff noted a high percentage of farmers added new conservation practices or engaged in new conservation activities when they were allowed to modify their existing CSP contracts through the annual upgrading process. Farmers who were denied a CSP contract also stated that they are adding additional conservation practices to be prepared if there is another opportunity to enroll. Since CSP was designed to both reward existing efforts as well as motivate new efforts, this study shows that CSP is working to drive additional conservation benefits. It is also working to improve wildlife habitat on working lands, a significant goal of the program.

New Conservation Practices

Findings

More than three-fourths of the farmers interviewed stated that they incorporated new conservation practices or activities in addition to their existing conservation practices identified in their initial CSP benchmark resource assessment. The new conservation was added to meet their contract obligations and through the options in the contract modification process.

Of those farmers who added conservation, two-thirds specified practices that would directly benefit wildlife as their primary change. A fifth of them stated practices related to soil and nutrient management, and a few mentioned a change in tillage. The fifth of those who were not inclined to add conservation stated that they felt they had done all they wanted or could do and two of them stated that they had not decided yet.

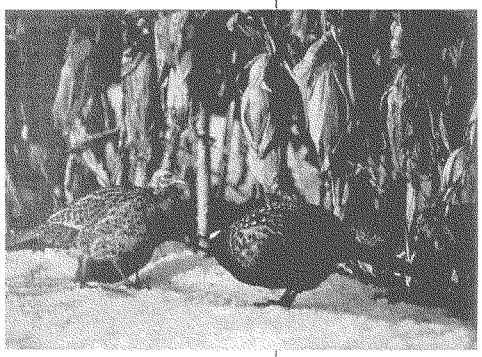
The most common additional practice to benefit wildlife was to add habitat either through native grass plantings, fencing off wetlands and wooded areas, adding winter cover with food plots, or adding field windbreaks and grassed field borders. The remaining wildlife practices included such items as using a flushing bar on mowing equipment and installing birdhouses.

New conservation practices directly related to the production aspect of the operation included soil testing, nutrient management, precision application equipment, mechanical weed control, reduced tillage, grid sampling, split nitrogen application, and eliminating fall nitrogen application

New conservation practices related directly to farmstead-related environmental benefits included well-sealing and fuel storage containment.

Farmers who were motivated to add new conservation practices held many perspectives and tried different strategies, depending on the nature of the farm operation. A few quotes from farmers illustrate the range of thought about new conservation and the CSP:

"It probably motivated us. We were hoping we could add these conservation practices in the future. We have put some acres into wildlife. We were hoping we would have the opportunity to add this to our program. It did motivate us to do that."



"Yes, buffer strips are now in place and shrubs for covey quail habitat and wildlife food plots. I'm doing intensive grid soil sampling, putting N-serve on with anhydrous [ammonia]. There's more, but that's a big part of it."

"I think I have ten acres or something out of these farms that I had to put in for either a food plot or the part that is little more than a quarter mile wide, so we will have to make sure that we have it seeded properly and have to rotate that some."

"I'm going to get nutrient management implemented. They have an enhancement for GPS on your sprayer and I am going to do that. It definitely makes you go out and look at a lot of new things."

"Yes, I'm looking more into filter strips — widening and improving our water systems. I'm moving toward an entire no-till system. I've been back and forth on no-till and min-till. I'm trying to eliminate soybeans from the rotation. We're going to do some trial rotations with no soybeans. The woodpecker habitat is new."

Of the ten farmers interviewed who were not given a CSP contract; seven of them stated if CSP were to become available again in their area that they may add conservation practices.

The NRCS district conservationists said that it was very common for CSP farmers to add conservation practices so that they could advance in tiers. Bringing every acre of the farm up to the eligibility standards is necessary to enter Tier 2 and 3.

In Wisconsin, a district conservationist said that "there was a lot of interest" among farmers enrolled in CSP in advancing to the higher tiers of the program. In his county alone, nearly two-thirds of the 55 CSP contracts of 2005 advanced to Tier 3 in 2006.

Other NRCS staff also expressed that there was a lot of interest in advancing to higher tiers, with five out of the twelve interviewed stating specific ranges of 60 to 80 percent of the contracts having advanced in tiers. Only two of the twelve stated that it was not common for farmers to advance tiers.

In describing such transitions, one NRCS staff said, *"It's very common. There are some guys you wouldn't think would be interested in transitioning to Tier 2 who are going to Tier 3. One landowner had to plant 80 acres of field borders taking the expense out of his own pocket, but he looked at it practically from the dollars side and it made sense. It has sold a lot of people. I have some concerns about the long-term maintenance on the part of the landowner, especially if the guys are doing it for the money in the first place."*

The NRCS State office staff responses varied, but most stated that adding conservation practices was very common and that a large percentage of farmers were interested in advancing tiers. A state-level staff explained, *"Yes, I really do think farmers are adding conservation practices for two main reasons: the opportunity to advance tiers causes people to address additional resources. And even before CSP comes to their watershed, people are starting to get ready for it. Particularly in some areas, CSP has brought about huge demands for EQIP and other programs."*

About half of the 13 said that they felt CSP has had a positive effect on farmers" decisions to increase conservation. They based those comments on the increase in EQIP applications (especially nutrient management) and an increase in soil testing.

"A number of farmers are already preparing themselves and starting to do some of those practices to meet basic eligibility. But people might start losing interest if we can't get it offered on a wider scale."

"If those [non-CSP] producers knew the program was going to be available, we would be having a positive effect; otherwise it is hard to say."

"What we hear is that farmers are asking when CSP is coming back and are interested in improving their opportunities in case it does. A good example is where we [previously] had a pilot watershed and had 100 people sign up. In 2005 [when CSP was available], the same watershed was included and we had 500 people sign up. Word of mouth really affects neighbors."

Analysis

Despite the complexities of the program and the limited assistance available, enrolled CSP farmers were able to add conservation practices. In addressing an additional resource of concern necessary for Tier 2, a high percentage of farmers chose to enhance wildlife over other resources of concern. This choice seems to be a natural progression for farmers to add conservation practices after addressing their soil and water resource eligibility concerns. Enhancing wildlife often involves adding perennial vegetation such as grasses, shrubs and trees, rather than changing the complex production systems of a farm operation. Farmers are also probably more familiar with wildlife habitat improvements in comparison to addressing other resource concern options, and they may enjoy wildlife and enhance it to increase their quality of farm life. The new conservation practices that that did address production aspects of farm operations were related to efficiencies in how crops and livestock produced, as well as reducing runoff and pollution.

Diversification of Farm Operations

Diversification within an agricultural operation can be described as a process to include more types of crops, livestock, and land uses. Farmers may diversify to increase production options and marketing opportunities, manage risks or optimize the use of labor and other inputs. Diversification also tends to bring significant environmental benefits.

Findings

Two-thirds of the 13 NRCS staff stated that the CSP has resulted in more diversified farm operations. Five said that diversification is occurring on CSP farms in the terms of adding wildlife habitat. Three stated that producers added more hay, wheat, and managed grazing, but significant changes in the production systems were not experienced at this stage of the CSP.

Of those who commented, three expressed these viewpoints:

"The CSP doesn't necessarily make them diversify, but I do think it makes them more careful with the environment and more thoughtful about how their practices affect soil and water, and wildlife."

"Yes, I do think it does, especially in terms of encouraging them to diversify their conservation practices and to add more wildlife aspects."

"How broadly do you mean diversify? We have farms right now that are putting cover crops in to meet their wildlife habitat model. This program does reach more to diverse farms than any other program we have."

One comment suggested that CSP may not prompt farmers to diversify their production systems if farmers need time to strategize and analyze their production systems before changing them:

"It might if it were a larger and a more known program. The ones that are in have their foot in the door and they can go from there if they want. The ones that are looking toward it in the future, I don't think have enough knowledge about the program for them to make those [change in operation] decisions."

Two comments were positive on whether CSP can promote diversification in farm operations.

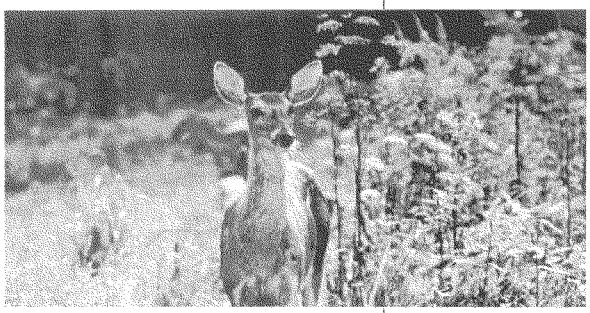
"I think that it can. I have already had people come in and start talking to people about what it might take, and when they see that a more diverse operation helps them rank out better and gives them a better opportunity to get into a higher level, I think it has more potential to help diversify than those that are already in."

"I definitely do. This past year we had the opportunity for those who are in to modify, to make improvements, and move to a higher tier. We have had a lot of interest to move up, do more stewardship."

Analysis

According to the NRCS state and local staff, most CSP-enrolled farmers diversified their operations in response to the CSP. Most of the diversification occurred in changing land use to accommodate wildlife, with a lesser amount occurring in farmers' production systems.

The farmers who diversified their operations did so in a manner that either created a higher return on their production, or used practices and activities that did not disrupt their current production system. Their investments for higher returns included refining their inputs and keeping better production records. Adding wildlife habitat, field borders, buffer strips, and food plots were practices that did not require adjusting cropping systems or purchasing equipment. Some went further, with production decisions that involved adding cover crops or adding small grains into the cropping systems. Lengthening and diversifying cropping rotations and systems will probably occur at a much higher rate when the farmers have a thorough understanding and trust in the program's future, or when explicit enhancement payments for crop rotations or conversion to perennials are offered



CSP Tier 3 Impact on Wildlife Habitat

We were interested in understanding whether CSP's Tier 3 wildlife component is increasing wildlife habitat and involves practices that farmers can realistically undertake. The NRCS State Conservationist has the responsibility to determine whether a general or species-specific habitat assessment guide will be used for a watershed. If the species specific habitat model is used, the state conservationist also determines the species.

The assessment procedure for the general and species-specific models are similar in that they both must define the habitat elements (food, cover and water) required and rate those elements based upon the degree to which they are present within the assessment area. The species-specific model further defines the habitat elements required for the selected species, and naturally, this model is more restrictive in crediting habitat elements and offering choices for habitat improvements.

Findings

About three-fourths of the NRCS staff stated that they thought that Tier 3 activities and practices did achieve the CSP wildlife goals. Two comments from NRCS staff illustrate a positive CSP influence:

"In talking to wildlife agencies, they are extremely happy, and are saying in some areas CSP is making the biggest contribution to improving wildlife habitat of any conservation program. It probably has been the biggest contribution here in this state environmentally."

"I think they [Tier 3 activities] certainly can. If you don't have wildlife already on your farm, you are going to have a difficulty getting in, and wildlife seems to be the most popular when you start talking about the third resource concern for people moving into Tier 2. I think it is the most understood and I think it gives us a lot of potential for having a positive effect on wildlife."

About one-fourth of the NRCS staff thought that Tier 3 activities may *not* achieve the CSP wildlife goals. They either stated that they were not sure of the impact or they thought that the wildlife assessment was not stringent enough.

In comparing the contract payments to the wildlife benefits, a local NRCS staff thought more habitat criteria should be required.

"I don't know [if the compensation was fair]. From a wildlife perspective — no — it gave away the farm. We didn't get much for what we paid. The farmers had to work harder for the other criteria as compared to the wildlife habitat criteria."

Of the 13 local NRCS staff, 10 affirmed that the Tier 3 wildlife component was practical to obtain, due to existing CRP options, farmers' ability to set some land aside from production, or many farm operations having existing woodlands or other natural habitat to build upon.

Two of the NRCS staff said that the specific-species model criteria were difficult for farmers to meet or not useful due to existing land use or capacity. A NRCS staffperson stated some of the inherent challenges for some farmers to achieve the species specific model:

"The specific-species model — [for] the eastern meadowlark — is not useful. There is no grasslands ecosystem in this county. The redheaded woodpecker model — only one farmer qualified for it. The majority of farmers qualified for the American woodcock — moist woodlands ecosystem — really

popular. Wood turtle — no one got it. The area is not sandy enough. I did use the general species model for farmers who didn't have the woodcock [option]."

A state level NRCS staffer appears to address some of the species-specific issues brought up in the previous statement:

"*The way we look at wildlife — and I think a lot of other states are moving toward this — is more of a general wildlife habitat analysis so we are not focusing on a specific species. So for us we feel like we are gaining a lot because we are doing it more generally so that we can build habitat for a lot of wildlife types.*"

A local NRCS staff commented that he thought the assessment aspects of CSP should help some farmers to begin to improve their wildlife.

"*It should help them with the value of their wildlife land. Many farmers didn't even know what they had [in terms of wildlife habitat and potential].*"

Analysis

The state NRCS offices approached the wildlife aspect of CSP from either a general wildlife strategy or a species-specific strategy. Both approaches were said to achieve CSP goals, although the species-specific strategy was mentioned as being too constraining for some operations due to localized ecological conditions.

Most respondents stated that the Tier 3 wildlife component was practical for farmers to obtain. Several implied that it was only practical if some wildlife components were already in existence on the farm operation, with many farmers not fully being aware of the quality of habitat on their farm.

CSP has had a positive impact on the wildlife habitat on the farm operations enrolled in the program. The additional effort it takes to achieve the CSP Tier 3 wildlife criteria will depend on the region. The historical land use of the area and specifically the farmers' management activities. A general wildlife analysis appeared to be most practical for more farmers than the species-specific analysis. Targeting a specific species for all lands may not be practical or attainable.

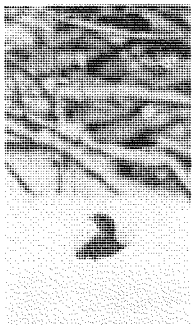
Application Process

We asked farmers and NRCS staff what they thought of the CSP application process. We were interested in feedback on the paperwork required, information about the program, the application timeframe, assistance received in preparing applications, and the transparency of the process.

Findings

Eighty-five percent of the applicants stated that they received primary assistance in applying for the CSP from NRCS, with two receiving assistance from their certified crop advisor and three saying they had no assistance. Of those who received NRCS assistance, 30 percent stated that they also received assistance from a soil and water conservation district, non-profit organization, or a private sector advisor.

The time that farmers stated that it took to compile records ranged from a half hour to 80 hours, and averaging 11.5 hours with a median of three hours. The application time ranged from 1.5 hours to 20 hours, averaging five hours with a median of three hours. For those whose time on the CSP application was below the median, several commented that they already had their records in order or that they were required to have detailed records for organic certification.



Recommendations from farmers for improving the CSP application process, included:

- Additional staff and staff training needed
- Education for potential applicants
- Increase information readily available about the program
- Simplify the process
- Increase application timeframe
- Conduct timely decisions on program enrollment and components
- Offer clear guideline and rankings for CSP eligibility
- Standardization of rules.

Two farmers stated some solutions to their experiences as they pertained to the application process.

"Need more uniformity between watersheds and better up-to-date training for NRCS staff who were always behind. Streamline paperwork, develop specific guidelines for farmers for each watershed and do better advertising of the sign-up and make the process seem friendly. Expand the timeframe for people to provide soil samples and let them in CSP and withhold payments until samples are verified."

"I think the biggest thing is training the personnel in the NRCS office. They were going in blind. You'd get conflicting answers. They need a training course because they didn't know the answers. It's not the staff''s fault, they weren't given the information."

A third of respondents offered no suggestions for improvements.

NRCS Staff

Two thirds of the 12 NRCS local staff who responded about the application process said that it needs to be simplified and streamlined. It was also stated that some agency technicians were learning as they were going along, which made it difficult for both farmers and staff. Some respondents said that it took too long after interviewing before farmers knew whether they were eligible. Some respondents felt that the application requires an unreasonable amount of data.

Some agency staff said that it would be nice to have more technical assistance.

"Our problem is the way the thing is set up. We get a certain percentage of the money to administer the program, roughly 15 percent, and that 15 percent comes from Washington and then to the Midwest and to the field or state office, so it's whittled down. We made a real effort to streamline. One way was not to get into boxes and boxes of records, which they did in the past in other watersheds. The goal was to get them out in two hours. I think we averaged just slightly over that. So the burden was on them [farmers]. It definitely has the flavor of you had to do this yourself. They knew it was their homework."

Two-thirds of the NRCS local staff also stated that farmers should consider hiring professional assistance for the CSP application process. *"They don't have to hire a professional to organize their stuff, but, if they hire a professional to do the soil testing and crop scouting and make recommendations on herbicides and pest management, it would be very helpful, for both the farmer and us [NRCS]."*

One state staffer said that a lot of applicants currently use professionals — their agronomists.

"It would be nice to get to the point where the businesses doing their pesticide application or nutrient management plans become so familiar with the program [CSP] that they are taking the

program into consideration in their recommendations and documenting that [their management activities]."

State NRCS staff commented similarly on the need for simplifying and streamlining the application process. More time is needed in the sign-up period to get their information together, and the program is too information-intensive. To assist in getting prepared, the sign-up period needs to be announced along with the watershed announcement.

Analysis

Overwhelmingly, the farmers relied on NRCS staff to assist them in the application process and most were pleased with the assistance they received. The remainder of the applicants relied on local governmental staff and private sector agricultural professionals. The effort it took farmers to prepare their records for the CSP application and to apply for the program ranged greatly amongst the farmers. Many of the suggestions to improve the application process favored more time, information, trained staff, uniformity in the rules, and stream lining the process. The preparation and application process for the CSP was a tremendous burden on the NRCS and conservation partners, and created frustration and confusion for farmers. The technical assistance cap of 15 percent drove innovation on the part of processing applicants, but the program's standards and requirements did not allow the application process to proceed with efficiency. A much higher level of farmer preparedness with a streamlined application form will be required to lessen this bottleneck.

Farmers' Perceptions of the Conservation Security Program

Summary

Overwhelmingly, farmers in the study supported the CSP, although many say that they have much to learn about the program's payments, the payment systems, and the tiered system. Most of the farmers also thought that the payments were adequate, with a few even suggesting that the payments were too high for some practices and too high for some contracts. Some uneasiness about the unfairness in limiting enrollment to select areas and farmers was expressed.

Findings

All of the farmers who responded to the question of whether or not the CSP should be included in the 2007 Farm Bill (whether they receive a CSP contract or were denied a CSP contract) answered in the affirmative. Some of their responses included:

"The CSP should be in the next farm bill. If we're going to get government money that's a good place [conservation] to spend it. It's better than the grain deals."

"For one thing, other countries don't like us getting subsidies. But if there's something like this that's conservation-based and in that way provides subsidies for low prices while saving soil and protecting water for future generations, I support it."

"I appreciate it and know that people here could benefit a lot more if it was available everywhere. It would be a big cost, but in the long run it would be worth it."

Forty-four farmers responded to the question on why they applied for CSP, half of whom stated that it was for the financial reward. A quarter of them stated that they applied because they are conservationists, and 15 percent stated they applied because they were notified from the NRCS office, extension, local conservation agency, landlord, or a neighbor. One stated that she was motivated to apply to preserve farmland from development.

Farmers stated their reasons to enroll in the program:

"I followed a good plan and I like the idea of rewarding farmers for things they are already doing, conservation like no-till and things, and I thought that was a good concept to reward people for things they should be doing anyway."

"We applied for it because I wanted to save the ground, and also help with the wildlife management where we could start getting some of the beneficial animals back in."

Of the 34 CSP farmers we interviewed, enrollment in tiers was fairly even with about a third of those farmers enrolled in each of the three tiers. Of those about half were not sure at the time of application what tier they would be accepted into.

We asked farmers about the payments they received. About 90 percent said that the payment amounts were adequate, with only three stating that payments were not adequate. That nearly paralleled the question on whether the CSP made their farm operation more profitable, with 70 percent stating "yes," 27 percent stating "somewhat," and only one stating "no."

Of the 29 who responded to how much they expected their contract to be worth, 62 percent had no expectation and 38 percent expected more. About half said they understood or somewhat understood the payment system, with the remaining enrollees not understanding the payment system.

One farmer commented on the payment system's complexity:

"We didn't really assimilate all the information needed [for the application]. We have a wonderful agent and he explained it wonderfully and made it easy, but there were so many choices and so many options that I don't think we really appreciated them until we got this awareness of how we could qualify by bringing in the habitat area. It just didn't make sense until we understood the program."

Another commented on the level of financial incentives of the program:

"I think the payments are too high — $63,000/10 years. I should have gotten half of that."

Analysis

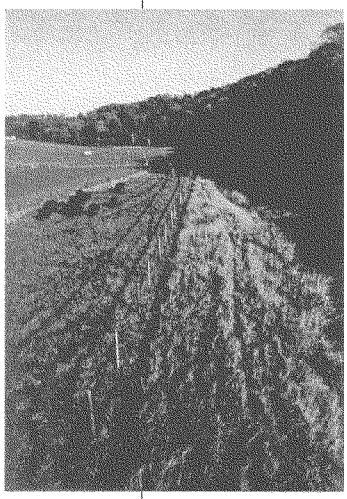
Thus, CSP is a popular program among farmers, but more needs to be done to improve the program's transparency. The farmers appreciated the opportunity to enroll and the financial support of a farm policy that rewarded them for their conservation ethic, rather than just their productive capacity. Even though half applied to CSP because of the financial reward, the process was not transparent and tended to keep the payments in a "black box" which farmers didn't understand. Nearly half had no idea what Tier they would be put in, over half had no idea what their payment would be, and nearly half reported no understanding of payments.

Finally, farmers want to be recognized and even rewarded for their conservation activities, but they do not want to be overcompensated for the value or effort of their conservation activities. They want the program to be fair for themselves, for their neighbors, for farmers, and for taxpayers.

Study Findings and Summary

Our study finds that the Conservation Security Program is succeeding in its primary goals in the Midwest:

- It is reaching all types of farms, as evidenced by the enrollment of a wide range of farm sizes, and a variety of cropping systems and livestock systems. This includes conservation-oriented systems, such as resource conserving crop rotations, organic production, intensive grazing, and those who already operate according to a farm conservation plan.
- It is effective at addressing the whole farm, since many enrollees are in Tiers 2 and 3. The requirement to include both owned and rented land has been successful, demonstrated by the fact that half of the acres in the contracts were rented by the operators.
- Farmers were pleased with the technical and administrative assistance they received from NRCS staff.
- Farmers were pleased with their payments, appreciated being rewarded for their conservation efforts, and felt CSP helped make their farms more profitable.
- CSP is clearly motivating farmers to add new conservation practices to their operations, especially wildlife habitat.
- When asked, every farmer and staff person interviewed said they want CSP to be continued in the new Farm Bill — even farmers who were turned down the first time.



This study also found a number of problems and areas requiring improvement:

- Funding limitations have driven NRCS to implement numerous restrictions and limitations, such as only offering CSP in select watersheds and limiting a wide variety of program elements. This has led to a frustrating level of complexity in administration, as well as a growing sense of unfairness among farmers in different watersheds.
- The program's payment system lacks transparency, so that farmers sometimes have little idea how their practices relate to their payments.
- It appears that a few enhancements may be paying too much, while others may pay too little.
- Short notification and short sign-up periods, offered in different watersheds each time, have led to an inability of some farmers to prepare themselves for application, and a very high learning curve for local NRCS staff. NRCS staff also felt challenged by the assistance needs of those applicants who were not well prepared with their conservation information.
- NRCS staff often feels burdened and even overwhelmed by the CSP paperwork required by their agency.

SECTION 4
RECOMMENDATIONS

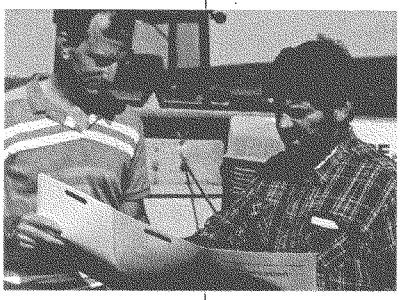
We provide the following recommendations to address the findings of this study:

1. Funding

It is paramount that Congress solve ongoing funding difficulties to allow CSP to be implemented properly. While envisioned as a national open-enrollment opportunity — not unlike the continuous Conservation Reserve Program — in fact, the funding cuts and resulting USDA decision to deliver by watersheds and to restrict and limit program features has led to many of the program implementation flaws.

2. Transparency

CSP is a financial incentive program for conservation, and half of CSP farmers we interviewed report that they enrolled for the financial reward. Yet CSP itself is often seen as an inscrutable black box, where many farmers also report that they had no idea what tier they might qualify for, what enhancements were available to them, what more they could do to improve conservation benefits and earn more, and indeed, why they received the specific payments they did. They applied and were eventually told what their payment would be. In order to function as a true incentive program, CSP needs to develop clearer, more refined lists of payments, practices, and outcomes so that farmers and ranchers can choose to change their conservation systems and practices with full knowledge of what the incentive payments will be. While there are important benefits to be gained from moving progressively toward greater use of outcome-based indices to measure natural resource and environmental benefits, those indices must be developed with an eye toward being understandable and user-friendly.



3. Technical and Administrative Assistance

Farmers and ranchers must be prepared for enrolling in CSP, as demonstrated by the fact that of successful applicants, 94 percent already had a conservation plan or a comprehensive nutrient management plan. Most farmers and ranchers need more technical assistance to help them organize their records, ensure they comply with program requirements, and develop an overall conservation plan. NRCS needs to develop its own capacity, as well as the training and certification of outside technical service providers, to deliver conservation planning as preparation for CSP. NRCS funding for technical assistance should be increased beyond the 15 percent of program funding now allowed, and those funds should also cover outreach and preparation of farmers and ranchers prior to the time they enroll. The CSP should aim to eventually move all farms and ranches forward in their conservation achievements. It will require involvement from the farmers' and ranchers' professional and business advisors, local governmental technical staff, and state conservation agencies. NRCS cannot do this alone.

4. Outreach

Because of evidence that CSP tends to enroll those who are already involved in conservation programs, NRCS needs to do extensive outreach to farmers and ranchers who they are currently not working with. This is especially true for regions of the country that may not have participated in conservation programs previously, and for minority, beginning, and women farmers and ranchers.

5. Signups

The CSP should be open on a predictable and reasonable timetable to all farmers and ranchers who want to participate, in order to achieve fairness to all. One of the most frustrating outcomes of the watershed approach has been the "hurry up and wait" atmosphere for CSP. Watersheds have been announced and withdrawn, leaving farmers and ranchers unsure what they should to. Signups have been announced with little lead time and a short time frame in which to apply, causing very intense workloads for agency staff as well as farmers and ranchers. Too often the already short time frame has come right at planting time, compounding the problem. Ideally, farmers and ranchers could all do their benchmark resource assessments, develop their CSP conservation plans, and come in to the county office to apply for CSP at a time that is right for them. At a minimum, we recommend that CSP be available to all agricultural producers, on an on-going, continuous sign-up basis, based upon an established and predictable budget.

6. Application Process & Paperwork Streamlining

All sign-ups should be scheduled by appointment and include a completed, simple document — call it a CSP EZ Form — that includes the calculated soil conditioning index or comparable index, water quality resource eligibility tool, and the assessment and calculation for the third resource of concern for the Tier 2 and Tier 3 applications. Farmers and ranchers and/or their professional crop advisor would sign all forms for accountability purposes. To confirm accuracy, all records must be kept for the length of the contract plus three years and be available for audit.

7. Continuous Evaluation

CSP should be assessed annually for environmental outcomes and cost-effectiveness. As we learn which enhancements are most cost-effective and what level of payment is necessary to induce participation, NRCS should make annual adjustments. Already it is apparent that a few enhancement payments may be paying too much, while others may pay too little. As an outcome-based or indices-based program, adjustments to index ranges and values can be readily made as results of the Conservation Effects Assessment Project and similar research are available.

8. Environmental Quality Incentive Program

EQIP should be seamlessly integrated with CSP, so that EQIP can address the resources of concern that are supported by the CSP. Farmers and ranchers that have assessed the benchmark condition of their resources can then use EQIP to become qualified to enroll in CSP and producers who are not within striking distance of meeting the sustainability or non-degradation standards necessary to enroll in the CSP can take remedial action to reach those higher standards. EQIP should require progressive planning, and priority should be given to producers who can achieve the greatest progress toward reaching the sustainability criteria.

APPENDIX A
PROJECT PARTNER ORGANIZATIONS AND STAFF

Illinois Stewardship Alliance
The Illinois Stewardship Alliance (ISA) is a 32-year-old statewide membership organization that promotes a safe and nutritious food system, family farming, and healthy communities by advocating diverse, humane, and socially just and ecologically sustainable production and marketing practices. Agriculture Program Director, Bridget Holcomb, coordinated ISA's work on the project.
www.illinoisstewardshipalliance.org

Land Stewardship Project
Founded in 1982, the Land Stewardship Project's (LSP) mission is to foster an ethic of stewardship for farmland, to promote sustainable agriculture, and to develop sustainable communities. LSP is a primarily rural membership organization, which works nationally and in Minnesota, focusing on farm and environmental issues. LSP lead federal policy organizer, Adam Warthesen, coordinated LSP's work on the project and conducted interviews along with University of Minnesota graduate student Nadine Lehr.
www.landstewardshipproject.org

Michael Fields Agricultural Institute
Michael Fields Agricultural Institute is devoted to developing an agriculture that can sustain the land and its resources. As a non-profit, learning center it seeks to revitalize farming with research, education, technical assistance and public policy. Jeanne Merrill, Associate Policy Director, is the project's coordinator, facilitating information sharing and planning among the project partners and conducting project interviews in Wisconsin.
www.michaelfieldsaginst.org

The Minnesota Project
The Minnesota Project is a nonprofit organization dedicated to sustainable development and environmental protection in rural Minnesota for 28 years. Our mission is to increase the viability of rural communities. We connect rural leaders and perspectives to state and national policy development. We celebrate the enduring value of rural landscapes, lifestyles, stories and culture. We promote the understanding that socially, environmentally and economically healthy rural communities are vital to our society. Tim Gieseke, Agricultural and Environmental Policy Specialist, conducted the project's analysis and was the primary author of our CSP evaluation report.
http://www.mnproject.org/

Missouri Rural Crisis Center
The Missouri Rural Crisis Center is a nonprofit organization founded in 1985. It is a progressive, statewide membership organization that works to empower farmers and other rural people. Its mission is to preserve family farms, promote stewardship of the land and environmental integrity, and strive for economic and social justice by building unity and mutual understanding among diverse groups, both rural and urban. Ann Robinson, a writer and consultant on agricultural conservation issues, from rural Missouri, provided assistance to MRCC to conduct evaluation interviews and help coordinate other tasks during the first year of the McKnight Foundation grant. Rhonda Perry, MRCC Program Director, oversaw MRCC's involvement with the CSP study.
http://www.inmotionmagazine.com/rural.html

Practical Farmers of Iowa

Founded as an information-sharing and community-building organization for producers, Practical Farmers of Iowa has emerged as a leader in science-based approaches to sustainable agriculture and in the creation of new marketing relationships that can more readily sustain family farms. The mission of Practical Farmers of Iowa is to research, develop, and promote profitable, ecologically sound and community-enhancing approaches to agriculture. Teresa Opheim, PFI Executive Director, coordinated PFI's work on the project.

APPENDIX B
INTERVIEWED GROUPS AND BACKGROUND

A total of 66 surveys were conducted. Forty-four farmers who applied for CSP were interviewed and 22 NRCS staff and partners were interviewed. The four groups that were interviewed were compiled from the list of state groups.

Farmers who applied and were accepted in the CSP (34)
- Wisconsin - 7
- Illinois - 8
- Missouri - 5
- Minnesota - 9
- Iowa - 5

Farmers who applied and were denied a CSP contract (10)
- Wisconsin - 1
- Illinois - 3
- Missouri - 4
- Minnesota - 1
- Iowa - 1

Local NRCS District Conservationists and conservation partners (16)
- Wisconsin - 7
- Illinois - 2
- Missouri - 4
- Minnesota - 3

State NRCS staff that had a significant role in the CSP (6)
- Wisconsin - 2
- Illinois - 2
- Missouri - 2

General Descriptions of Study Area and Interviewees

The study was conducted in the five states of Illinois, Iowa, Minnesota, Missouri, and Wisconsin. According to the 2002 Census of Agriculture, these five states have a total of 351,318 farms with a total amount of land in farms of 132.2 million acres. Of the total acres, 112.9 million acres (85%) are in active farming with cropland, pastureland and rangeland, while the remainder is in forests and other land uses. Of those working farm acres, cropland comprises 96.1 million acres (85%), and pasture and rangeland comprise 16.8 million acres (15%). A total of 152,188 acres were used to grow certified organically produced crops or only thirteen one-hundredths. The average sized farm based on the 2002 census figures is 376 acres.

Interviewees fell into the following four groups at the number of interviewees shown:

1. Farmers who applied and were accepted in the CSP (34)
2. Farmers who applied and were denied a CSP contract (10)
3. Local NRCS District Conservationists and conservation partners (16)
4. State NRCS staff that had a significant role in the CSP (6)

Farmers with CSP Contracts — Overview

Of the 34 interviewed farm operations that were accepted into the CSP, the smallest operation consisted of 16 acres and the largest was 3000 acres. The average was 877 acres and the median was 600 acres. Rented acres were common, with 21 of the 34 farms renting acres under either a share or cash rent situation. Of the 30,724 total CSP enrolled acres, 14,939 acres were owned and 15,735 acres were rented. The average number of rented acres per farm was 320 and the median was 80 acres. The cropland acres enrolled totaled 23,024 (75%), and the pasture acres totaled 4,706 acres (15%), with the remaining acres being farmsteads, buffer, wooded and wetland acres.

Crops and cropping systems consisted largely of a typical Midwestern mixture: corn, soybeans, small grains, and alfalfa with a variety of tillage practices. Three-fourths of the farm operations had a crop rotation of four years or longer or a perennial system. Four of the 34 farm operations had a three-year rotation consisting of corn-soybean-wheat. Less than a quarter of the farms had a corn-soybean rotation. All of the cropping systems were described, at least in part, as minimum till, no-till systems, or organic. Pasturing systems were also used, and there were five organic farms enrolled.

More than half of the operations had livestock, with the average and median of the study group being 105 animals. Livestock type was mainly beef and dairy, but also included sheep, goats, and horses. A quarter of the operations had some confinement system with the remaining being described as pasture, grass-based and rotational grazing.

More than 90 percent of those accepted into the program stated they either had a conservation plan or a comprehensive nutrient management plan. More than 90 percent of those accepted into the program also stated they had used governmental conservation programs through the federal programs, state and local cost-share programs, or both. Just 14 percent stated that they did not use any governmental programs.

Farmers with CSP Contracts Denied — Overview

The farm size of the ten interviewees denied a CSP contract ranged from a 4.6 acre vineyard operation to a 2000-acre grain farm, with the average size operation being 752 acres. Crops and cropping systems consisted of corn, soybean, small grains, and alfalfa with a variety of tillage practices. Pastures were included in one of the farm operations.

All those surveyed said that they used governmental programs to implement conservation practices, although one-half did not have a conservation plan or comprehensive nutrient management plan. Most pursued the program for financial reasons, and half of those denied were found to be eligible but were denied due to funding cut-off. The other half were denied due to low Soil-Conditioning Index scores and lack of soil tests. They all received some assistance from NRCS and a few from their agricultural advisors.

Local NRCS Staff and Conservation Partners

Of the sixteen individuals interviewed, ten were NRCS staff and six were either state agency staff or non-profit organizations that assisted with some aspect of the CSP. Their variety of experiences consisted of holding informational meetings, providing assistance for the CSP Self-Assessment, assisting with farming record organizations, farm audits, quality assurance checks, contract modifications and outreach.

Many were involved with all three CSP sign-ups (2004–06) with 14 of them at least involved with the 2005 Sign-up. One interviewee participated solely in an advocacy role.

State NRCS Staff

All six NRCS state-level staff interviewed participated in all three CSP sign-ups. They described their role as CSP Program Manager or Coordinator and had responsibilities pertaining to developing team structure, approving processes, general oversight and liaison among watersheds, national offices and state managers.

Study Group Analysis

The farms included in this study were diverse in size and nature, with both cropping and livestock systems. The average size of the farms in the study was more than double the size of the average farm size in the five states according to the 2002 Census of Agriculture. This raises a question of whether larger farms are more likely to apply for CSP enrollment; there may be a need to make sure there are not unintended barriers for small to average size farms in CSP.

The nature of the farms included those using long-term crop rotations, short-term rotation with minimum till or no-till, organic farms, livestock operations and grazing systems, suggesting that CSP can work for a variety of farm types. More than half of the acres enrolled were rented acres, and so rented acres and the requirement to obtain the necessary rental agreements for CSP does not appear to be a significant enrollment barrier.

More than 90 percent of the farm operations in the study were implementing a farm conservation plan or a comprehensive nutrient management plan. Most of the farmers had worked with the local or federal conservation agencies in obtaining financial or technical assistance. Comparative data from the Census of Agriculture is not available, but outreach programs as well as technical and financial assistance programs appear to have a significant influence on farmers meeting the CSP eligibility requirements.

The farms in this study do represent the types of cropping and livestock systems and the range of sizes of Midwest farms according to the 2002 Census of Agriculture. This study also demonstrates that these farms can and do meet the goals of CSP. Because government data on CSP contract holders and contracts are not readily accessible, this study was not able to use random sampling and statistical analysis with the collected data. More complete data from NRCS on topics addressed in this study would help in understanding potential barriers and program successes.

APPENDIX C
STUDY QUESTIONNAIRES

CSP-Enrolled Farmer Questionnaire

I. Background on farm:

Describe your farm

1. Total acres?
2. How many acres owned? Rented acres? And what type of rental agreement?
3. How many acres of Cropland? What crops are grown on this cropland?
4. How many acres of pasture?
5. Type of Livestock? Number? Pastured or confinement?
6. How would you describe you Farming System?
   a. Conventional
   b. Organic
   c. No-till
   d. Minimum Tillage
   e. Short-term rotation (3 years or less)
   f. Long-term rotation (4 years or more)
   g. Does the rotation include a perennial hay crop? Small grain? Legume?
   h. Grass-based
   i. Other _____

II. Conservation practices:

1. Have you ever used government conservation programs to implement conservation practices on your farm?
   a. Yes
   b. No

2. If you have used government conservation programs please list them (use the list to prompt them)
   a. EQIP
   b. SARE
   c. CRP/CREP
   d. WHIP
   e. WRP
   f. Local or state government cost-share
   g. Other _____

3. Do you have a current Conservation Plan or Comprehensive Nutrient Management Plan for your operation?
   a. Never had one
   b. Yes and it is implemented
   c. Yes and it is partially implemented
   d. Yes, but it has not been implemented
   e. Would like to, but don't know how to get one.

III. CSP:

1. Why did you apply for CSP?
2. What CSP Tier did you qualify for? What Tier did you think you would qualify for? And what limited you from qualifying?
3. What did you expect to receive for payments? What did you receive?
4. What assistance did you use in completing the CSP application?
   a. NRCS staff
   b. Local government staff (soil and water, watershed districts, county)
   c. Non-profit organizations
   d. Private sector (agronomists, crop advisors, farm management)
   e. None
5. How many hours did you spend compiling the necessary farm records for the CSP application?
6. How many hours did you spend completing the CSP application?
7. Do you have any suggestions for improving the CSP application process?
8. Would you consider hiring a professional to organize and complete your CSP application?
9. Has your participation in CSP caused you to plan to add any new conservation activities or practices? Why or Why not?
10. Are the CSP payment categories easy to understand and are payment levels adequate?
11. Has CSP helped make your farm operation more economically sound/profitable
    a. Yes
    b. Somewhat
    c. No
12. Would you say the implementation of CSP by watershed is....
    a. Fair
    b. Practical
    c. Confusing
    d. Unfair
13. Grade the following aspects of CSP from A-F with A being the best and F being the worst:
    i. Paperwork required
    ii. Payment levels
    iii. CSP overall

IV. Farm groups:

1. Are you involved with any farm groups or associations? Which ones?
2. Did your farm group encourage you to apply to CSP? Why or why not?
3. Do you think CSP should be part of the next Farm Bill
   a. Yes
   b. No

Farmer-Denied CSP Contract Questionnaire

I. Background on farm:

Describe your farm

1. Total acres?
2. How many acres owned? Rented acres and what type of rental agreement?
3. How many acres of Cropland? What crops are grown on this cropland?
4. How many acres of pasture?
5. Type of Livestock? Number? Pastured or confinement?
6. How would you describe you Farming System?
   a. Conventional
   b. Organic
   c. No-till
   d. Minimum Tillage
   e. Short-term rotation (3 years or less)
   f. Long-term rotation (4 years or more)
   g. Does the rotation include a perennial hay crop? Small grain? Legume?
   h. Grass-based
   i. Other _____

II. Conservation practices:

1. Have you used government conservation programs to implement conservation practices on your farm?
   a. Yes
   b. No

2. If you have used government conservation programs please list them (use the list to prompt them)
   a. EQIP
   b. SARE
   c. CRP/CREP
   d. WHIP
   e. WRP
   f. Local or state government cost-share
   g. Other _____

3. Do you have a current Conservation Plan or Comprehensive Nutrient Management Plan for your operation?
   a. Never had one
   b. Yes and it is implemented
   c. Yes and it is partially implemented
   d. Yes, but it has not been implemented
   e. Would like to, but don't know how to get one.

III. CSP:

1. Why did you apply for CSP?
2. Why was your CSP application denied?
   a. Didn't meet soil quality requirements
   b. Didn't meet water quality requirements
   c. Met eligibility requirements but application wasn't funded because of low enrollment category
   d. I don't know

3. What level of payment would you find acceptable to implement whole farm conservation?
   a. Up to $15/acre
   b. $15–$35/acre
   c. $35–$50/acre
   d. Greater than $50
   e. No idea

4. What assistance did you use in completing the CSP application?
   a. NRCS staff
   b. Local government staff (soil and water, watershed districts, county)
   c. Non-profit organizations
   d. Private sector (agronomists, crop advisors, farm management)
   e. None

5. How many hours did you spend compiling the necessary farm records for the CSP application?

6. How many hours did you spend completing the CSP application?

7. Do you have any suggestions for improving the CSP application process?

8. Would you consider hiring a professional to organize and complete your CSP application?

9. If CSP were to become available again in your area would you be reapply for CSP?

10. If you knew CSP would be available again in your area, would you add new conservation practices to your farm? Why or Why not?

11. Would CSP helped make your farm operation more economically sound/profitable?
    a. Yes
    b. Somewhat
    c. No

12. Would you say the implementation of CSP by watershed is....
    a. Fair
    b. Practical
    c. Confusing
    d. Unfair

13. Grade the following aspects of CSP from A-F with A being the best and F being the worst:
    i. Paperwork required
    ii. Payment levels
    iii. CSP overall

IV. Farm groups:

1. Are you involved with any farm groups or associations? Which ones?
2. Did your farm group or association encourage you to apply to CSP? Why or why not?

3. Do you think the CSP should be part of the 2007 Farm Bill?
   a. Yes
   b. No

NRCS DC/Local Governmental Staff Questionnaire

I. Background:

1. Which CSP sign-up year were you involved with? What watershed?
2. What type of assistance did you provide to the applicants?
   a. Informational meetings
   b. Self-Assessment assistance
   c. Record Organization
   d. Other _____

3. How do you work on CSP currently?
   a. contract renewal
   b. on-going education for CSP farmers
   c. contract audits/review
   d. do not work on CSP currently
   e. Other _____

II. Application process

1. What types of crop and livestock enterprises were accepted into the CSP?
   a. Conventional
   b. Organic
   c. No-till
   d. Minimum Tillage
   e. Short-term rotation (3 years or less)
   f. Long-term rotation (4 years or more)
   g. Grass-based
   h. Other _____

2. Do you think there were any kinds of farm that had any easier time meeting CSP requirements than others? If so, what were the types? Why?

3. Do you think there were any kinds of farm that had a harder time than others meeting CSP requirements? If so what were the kinds? Why?

4. Is there anything you would change about the application process? If so, what?

5. Did the farmers you work with on CSP need _____ assistance to complete the CSP application?
   a. a little
   b. a great deal
   c. other (describe)

6. Do you think farmers should consider hiring a professional to organize and complete their CSP application?

III. Implementation/ program issues

1. Do you think the CSP will encourage the farm operations you worked with to further diversify their operations?

2. Do you feel that farmers were fairly compensated for their farm's conservation activities and practices?

3. Do you feel that CSP rewards a conservation systems approach? If not, how could a conservation systems approach be rewarded differently?

4. Is Tier 3 wildlife component practical to attain?

5. Do the required Tier 3 activities/practices achieve the CSP wildlife habitat goals?

6. Would you say the implementation of the CSP by watershed is....
   a. Fair
   b. Practical
   c. Confusing
   d. Unfair

7. Grade the following aspects of CSP from A-F:
   i. Policy
   ii. Paperwork required
   iii. Practices/Activities that are encouraged
   iv. Performance Indices used
   v. Payments made

IV. Contract renewals/additional conservation

1. How common is it for CSP farmers to add conservation practices so that they may advance to the higher Tiers of the program?

2. Are you aware of major obstacles or disincentives in the CSP that will reduce farmers' enthusiasm to incorporate more conservation practices or activities in their contracts?

3. Do you think CSP encourages farmers to change management/cultural activities (give example) or structural practices (give example)?

4. Are the CSP payment categories easy to understand and are payment levels adequate?

V. Impacts on conservation

1. Do you think CSP is having positive effects on the environment?

2. Do you think CSP is having an impact on farmer conservation practices for those farmers who did not receive a CSP contract?

NRCS — State CSP Coordinators Questionnaire

I. Background:

1. Which CSP sign-up years were you involved with?

2. How do you currently work on CSP?

3. Has your role with CSP changed over the years? If so, how?

II. Application process

1. What types of crop and livestock enterprises were accepted into the CSP?
   a. Conventional
   b. Organic
   c. No-till
   d. Minimum Tillage
   e. Short-term rotation (3 years or less)
   f. Long-term rotation (4 years or more)
   g. Grass-based
   h. Other _____

2. Do you think there were any kinds of farm that had any easier time meeting CSP requirements than others? If so, what were the types? Why?

3. Do you think there were any kinds of farm that had a harder time than others meeting CSP requirements? If so what were the kinds? Why?

4. Is there anything you would change about the application process? If so, what?

5. Do you think the District Conservationists have the resources they need to effectively implement CSP?

6. If not, what additional resources are needed?

7. Do you think farmers should consider hiring a professional to organize and complete their CSP application?

III. Implementation/program issues

1. Do you think the CSP will encourage the farm operations enrolled in the program to further diversify their operations?

2. Do you feel that farmers were fairly compensated for their farm's conservation activities and practices?

3. Do you feel that CSP rewards a conservation systems approach? If not, how could a conservation systems approach be rewarded differently?

4. Do the required Tier 3 activities/practices achieve the CSP wildlife habitat goals?

5. What do you think of the Soil Conditioning Index as a measure to determine CSP eligibility? Do you think SCI fairly measures soil quality?

6. One concern with SCI is that it discriminates against organic farms because they use tillage to control weeds. Has SCI worked against organic farm eligibility in your state? If so, what do you think could remedy this?

7. What do you think of the new water quality tool as a measure of CSP eligibility?

8. Would you say the implementation of the CSP by watershed is....
   b. Fair
   c. Practical
   d. Confusing
   e. Unfair

9. Grade the following aspects of CSP from A-F:
   i. Policy
   ii. Paperwork required
   iii. Practices/Activities that are encouraged
   iv. Performance Indices used
   v. Payments made

IV. Contract renewals/additional conservation

1. How common is it for CSP farmers to add conservation practices so that they may advance to the higher Tiers of the program?

2. Are you aware of major obstacles or disincentives in the CSP that will reduce farmers' enthusiasm to incorporate more conservation practices or activities in their contracts?

3. Do you think CSP encourages farmers to change management/cultural activities (give example) or structural practices (give example)?

4. Are the CSP payment categories easy to understand and are payment levels adequate?

V. Impacts on conservation

1. Do you think CSP is having positive effects on the environment?

2. Do you think CSP is having an impact on farmer conservation practices for those farmers who did not receive a CSP contract?

3. If you were going to re-write the farm bill and could make any changes you wanted to CSP, what kind of changes would you make?

SUSTAINABLE AGRICULTURE COALITION
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For Immediate Release
April 19th, 2007

Contact: Aimee Witteman, SAC, 202-547-5754
Jeanne Merrill, MFAI, 608-239-2161

New Report Finds Conservation Security Program a Catalyst for Midwest Farm Conservation, Program Popular Among Farmers Despite Funding Cuts

Washington, DC – A report released today by a coalition of Midwest farm organizations finds that the Conservation Security Program (CSP) is spurring new agricultural conservation in the Midwest. Farmers enrolled in the Conservation Security Program are taking advantage of the program's incentives by adding new practices to their farms that protect natural resources. The Conservation Security Program was among the programs addressed today by the House Agriculture Committee in their farm bill hearing.

"The Conservation Security Program is bringing positive changes to our farms and our environment," said Teresa Ophiem, Executive Director of the Practical Farmers of Iowa organization. "Midwest farmers enrolled in the Conservation Security Program are taking action to help protect our water, soil, air and wildlife."

The report finds that, once enrolled in the working lands program, the majority of farmers are adding new conservation practices to their operations. Farmers can add new practices as part of their initial Conservation Security Program contract. They can also modify their contracts annually and receive higher payments by adding new conservation practices, following their first year of enrollment in the program.

Most commonly, farmers enrolled in the program are adding new wildlife habitat to their farms. Those practices can include planting native grasses, fencing off wetlands and wooded areas, adding winter cover to cropland or adding grassed field borders. Farmers are also adding conservation practices that address nutrient management, reduced pesticide use, farmstead issues, and more.

The report reviews the Conservation Security Program in five Midwest states, including Illinois, Iowa, Minnesota, Missouri and Wisconsin. CSP was created in the 2002 farm bill and will be up for re-authorization by Congress in the 2007 farm bill. Nationwide, nearly 20,000 farms are enrolled in CSP, totaling 16 million acres. However, because of funding cuts, only a third of the farmers who qualified for CSP in 2006 were able to enroll in the program.

"Overwhelmingly, farmers want the Conservation Security Program to be a part of the next farm bill, but they want secure funding for the program," said Tim Gieseke with the Minnesota Project and author of the report.

Funding limitations have driven the Natural Resource Conservation Service (NRCS) of USDA to restrict access to CSP by limiting the program to only select watersheds around the country. Congress has cut $4.3 billion from the Conservation Security Program funding since the program was created in the 2002 Farm Bill.

The report, entitled, ***The Conservation Security Program Drives Resource Management: An Assessment of CSP Implementation in 5 Midwestern States***, is a project of the Practical Farmers of Iowa, Illinois Stewardship Alliance, Land Stewardship Project, Michael Fields Agricultural Institute, Minnesota Project, and Missouri Rural Crisis Center. For a full copy of the report, please see:
http://www.michaelfieldsaginst.org/news/mediaadvisory_04_11_2007.html

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AMERICAN SPORTFISHING ASSOCIATION
TROUT UNLIMITED

April 30, 2007

The Honorable Tim Holden
Chairman
Conservation, Credit, Energy, and Research Subcommittee
Agriculture Committee
United States House of Representatives
Washington, DC 20515

Dear Chairman Holden:

Please accept this statement for the April 19th hearing record. As you are writing the 2007 reauthorization of the farm bill, we know that you face an incredibly difficult budget challenge. Please know that we stand ready to assist you in any way that we can so that you may have the resources you need to prepare your bill.

Recognizing the lack of new funds, please consider the following five small but important tweaks to existing programs that will make the bill more fish friendly without costing anything --

1. Change the term "wildlife" to "fish and wildlife" everywhere it appears in the conservation title of the Farm Bill or simply define the term "wildlife" to include "fish."

2. Secure Net Water Savings in Environmental Quality Incentives Program
   i. Require that any water conservation or irrigation efficiency project funded by EQIP be subject to the following -- "Net Savings.—The Secretary may provide assistance to a producer under this section only if the Secretary determines that the assistance will facilitate a conservation measure that results in both 1) a net savings in groundwater or surface water resources in the agricultural operation of the producer and 2) consistent with state law, increased groundwater or surface flows."

   ii. Increase cost-share payments of EQIP and GSWC from 75% to 90% for projects that result in increased instream flows.

3. Create New Opportunities for Stream Restoration -- add "lands adjacent to streams and rivers" to the definition of eligible lands in EQIP.

4. Add "enhancement of instream flows" to the list of conservation practices in the Conservation Security Program.

5. Amend the Farm and Ranch Lands Protection Program to allow program participants to enter into temporary transfers of water rights (also referred to as leasing) or non-compensated permanent donation of water rights for instream flow purposes.

While we are aware of the lack of new funds, should you see an opportunity or should new funds become available, please create a new aquatic habitat restoration program in the conservation title of the farm bill.

Despite its tremendous potential, the Farm Bill has not traditionally been a significant source of funding for fishery restoration projects. A recent analysis completed by Trout Unlimited found that less than 4.5 percent of the allocations made from the Farm Bill conservation programs have directly benefited fisheries and stream habitat (please go to www.tu.org to read the full report). An aquatics restoration program, modeled after the Wildlife Habitat Incentives Program, and providing $60 million annually would create a needed focus on important fish habitat and watershed restoration projects.

Another way to accomplish this objective is to increase funding for WHIP and target a significant portion of new funds for aquatic restoration activities, including instream habitat improvement projects.

Thank you for considering these suggestions and please feel free to contact us anytime if you have any questions or need additional information.

Sincerely,

Gordon C. Robertson
Vice President, American Sportfishing Association

Steve Moyer
Vice President for Government Affairs and Volunteer Operations, Trout Unlimited

Written Statement of the

UNITED EGG PRODUCERS

Submitted to the

AGRICULTURE SUBCOMMITTEE ON CONSERVATION, CREDIT, ENERGY AND RESEARCH UNITED STATES HOUSE

April 19, 2007

The United Egg Producers (UEP) offers its thanks and appreciation to Chairman Holden, Congressman Lucas and the other members of the subcommittee for holding this hearing on conservation matters as you conduct your deliberations on the 2007 farm bill. The egg industry neither receives nor seeks price supports or income support payments. However, like the rest of the livestock and poultry sector, we have a major stake in this farm bill and appreciate being included in your deliberations. The farm and conservation policies you adopt will definitely affect our industry.

UEP, EGG PRODUCTION AND OUR MEMBERS' COMMITMENT

UEP is a farmer cooperative representing over 90 percent of egg operations nationwide. Our industry is important to national, state, and local economies, supplying approximately 257 eggs per year to each of the nation's 294 million people. Most of our producer members own their flocks and do not make contractual arrangements for egg production to be assumed by independent farms, as is the practice in other sectors of the poultry industry. Most egg production operations are integrated from the point of production through the final marketing of the eggs. Although on a percentage basis most of our layers' manure is sold or given away to neighboring farmers for use as fertilizer on crops, many egg producers apply a portion of their manure or process wastewater as fertilizer on farmland they own or control.

UEP producer members take very seriously the need to protect water quality, and they are committed to high levels of environmental stewardship and management. They use high quality litter and manure retention, storage, and handling facilities and techniques, and they use high quality manure and

nutrient management systems when land applying manure. Composting of manure for further use is also growing in popularity among our producers. Our producer members are committed to responsibly managing poultry manure as a valuable resource for improving soil tilth and soil quality and for providing valuable nutrients for crop production.

OUR ROLE IN THE 2002 FARM BILL

We were proud participants in the 2002 farm bill deliberations, and we made a major commitment of support for a strong and effective conservation title in that farm bill. Our emphasis was on this Committee's and Congress' efforts to dramatically increase funding for conservation programs, particularly that for the Environmental Quality Incentives Program (EQIP). The ten-fold increase in funding for EQIP and the re-emphasis given in the 2002 Farm Bill toward helping farmers deal with their top federal and state regulatory challenges was sound policy.

NEED FOR EQIP FUNDING CONTINUES

UEP believes that funding for EQIP needs to continue at the levels currently contained in the baseline so that the program might be able to help egg producers continue to improve their environmental performance and meet and/or exceed any state or federal regulatory requirement they may face. Many of the challenges egg producers faced in 2002 remain with us today, and new ones have developed. The full implementation of the 2003 Clean Water Act's CAFO rule has been delayed as a result of the *Waterkeeper* decision by the US Court of Appeals for the Second Circuit, and the final rule is now anticipated later this summer. Furthermore, greater emphasis is going to be placed over the next several years on poultry and livestock operations properly managing their air emissions. As a result egg producers see no diminishment in the need for conservation financial assistance, and the associated technical assistance delivery demands, from the 2007 farm bill relative to the 2002 bill.

RE-EMPHASIZE EQIP's PRIORITY GIVEN TO REGULATORY ASSISTANCE

The 2002 farm bill re-emphasized that one of EQIP's top priorities is to help producers meet their pressing federal and state regulatory compliance needs. The need for this emphasis has not diminished and we ask that the Committee make a meaningful statement to this effect during the farm bill reauthorization.

EQIP's CURRENT PAYMENT LIMITATION IS SOUND

The 2002 farm bill amended EQIP to create a payment limitation for the amount of assistance a producer could receive, limiting it to no more than $450,000 per producer from all EQIP contracts that the producer might hold. The Soil and Water Conservation Society (SWCS) and Environmental Defense recently jointly issued a report evaluating EQIP's performance under the 2002 farm bill, and noted that this payment limitation provision was opposed in some quarters and was the source of concern that it would skew EQIP's financial assistance to larger producers. (See *"Environmental Quality Incentives Program (EQIP) Program Assessment,"* March 2007, by the Soil and Water Conservation Society and Environmental Defense). But as their report discusses, this has not occurred. The average size of an EQIP contract from 1997 to 2001 was almost $8,000, and since 2002 that has increased to almost $17,000. But this remains only 4% of the total amount of funds that would be allowed under the 2002 limitation. The SWCS and Environmental Defense report states that "Raising the contract limit has not resulted in a significant shift in funding to a smaller number of much larger contracts." (See *EQIP Program Assessment*, page 9). UEP does not believe the current payment limitation needs to be lowered as a result.

Our view on this matter is further based on our belief that there is little if any sound justification for imposing payment limitations when society is seeking to enter into a cost sharing contract with producers to produce environmental benefits. The real question should be what kind of environmental benefits are needed, and where can funds be spent to best achieve these benefits. Limiting payments in this context is inherently self-defeating of efforts to attain these benefits.

EQIP's CURRENT SIZE NEUTRAL POLICY IS SOUND

The 2002 farm bill also amended EQIP making it size-neutral when it came to operations seeking EQIP assistance. The 1996 version of EQIP prohibited large livestock operations from receiving financial assistance for structural, manure management facilities. The 2002 farm bill removed this prohibition. This entire matter has been among the most contested issues in EQIP since the program was created in 1996. UEP argued for the removal of this provision in 2002 on the basis of the common sense view that it fundamentally defeated EQIP's environmental purpose by ensuring that the vast majority of livestock producers managing the largest proportion of the country's manure were not eligible for manure management assistance from EQIP. In light of this and the then pending CAFO rule requirements, which created a need to help commercial poultry and

livestock operations deal with the rule's costs to prevent further consolidation in the industry, this limitation needed to be removed. Congress made the decision to do so.

The SWCS and Environmental Defense *EQIP Program Assessment* report discusses this matter. It notes, despite some data limitations, that "The data do suggest, however, that the majority of EQIP financial assistance is not going to practices and operations that were previously prohibited from receiving that assistance." (See page 12).

MAINTAIN CURRENT POLICY ON SHARE OF FUNDS FOR POULTRY AND LIVESTOCK OPERATIONS

UEP supports continuation of the current policy in EQIP whereby 60 percent of the program funds are to support the conservation and environment work of poultry and livestock producers. The fact is that many of these producers use the EQIP funds they receive either in support of better manure management in the context of their associated crop fertility programs, or for better forage and pasture management. Given poultry and livestock producers enormous regulatory challenges, the use of our manure in context of cropping operations, and the foundation that we represent for the nation's feed grain producing sector, we believe the need remains for this provision and we support its continuance.

EQIP AND WILDLIFE

Egg producers support wildlife and wildlife habitat. Many of our producers take an active interest in promoting wildlife and wildlife habitat on their farms and in their communities. In this context, UEP continues to support the use of USDA conservation financial assistance for wildlife habitat. At the same time, egg producers do not believe that wildlife purposes need to be incorporated into each and every conservation financial assistance program. Doing so in EQIP has created frustration and problems when producers find themselves competing against wildlife interests and producers seeking wildlife assistance from EQIP when an egg producer is seeking assistance with critical manure management issues to protect water or air quality.

In no instance should an egg producer's EQIP application for manure management assistance ever be ranked alongside applications for wildlife assistance. We encourage Congress to consider making this explicit in the EQIP statute.

We also note that the SWCS and Environmental Defense report came to essentially the same conclusion with respect to ranking applications. We include here the summary statement (*See* page 2) in its entirety as it makes this point so clearly:

> *Many states rank diverse EQIP applications against each other, which require difficult "apples and oranges" comparisons. For example, it is very difficult to compare an application proposing to implement a rotational grazing system with another application proposing to apply integrated pest management, or to compare an application proposing to protect at-risk species habitat with an application proposing to construct a manure management facility. Applications proposing to address the same resource concerns should be compared to each other, and those applications that most effectively and efficiently address that resource concern should be selected. NRCS state offices could better accomplish their conservation goals by first allocating funds to different resources of concern and then using different ranking systems specifically designed to compare the relative effectiveness of applications in addressing each individual resource concern.*

EQIP MUST REMAIN AVAILABLE TO PRODUCERS EVERYWHERE

UEP believes that egg producers and all of agriculture facing conservation and environmental challenges need to have a fair and open shot at receiving EQIP assistance. The 1996 EQIP's emphasis on working in only a limited number of geographic priority areas was one of the most unpopular elements of that farm bill's conservation title among producers and had to be changed in 2002 if that program was to be able to continue, let alone grow substantially. Under no circumstances does UEP believe that current baseline funds in EQIP now available across the U.S. should be redirected to programs targeted to specific portions of the country. If new funds can be added to EQIP to increase the scope of its reach, we can support the use of some of these funds in geographically targeted areas. But the underlying program must remain broadly available if we are to ensure widespread producer support for and use of the program.

EQIP CONSERVATION INNOVATION GRANTS SHOULD BE CONTINUED

UEP believes that the Conservation Innovations Grant (CIG) option in EQIP has been a very worthwhile programmatic innovation and that CIG should be continued under the 2007 farm bill reauthorization.

INCREASING THE CONSERVATION RESERVE PROGRAM'S EMPHASIS ON TARGETED ENVIRONMENTAL BENEFITS

UEP continues to support the Conservation Reserve Program (CRP) whenever it can be focused on retiring lands providing the highest environmental and conservation benefits. We believe that in most instances this means a focus on enrolling portions of fields, leaving the remainder available for feed and food production. As a result, we have significant concerns with the current CRP's contract acreage, which remains overly concentrated on the retiring of entire fields and in many cases entire farms that could be productively involved in food, feed and fiber production while conserving the associated soil, water and even many of the wildlife habitat resources.

KEEP THE FLEXIBILITY TO RELEASE CRP ACRES

Our concerns in this regard are only exacerbated by the dramatic increases in demand for corn for grain ethanol, the large and record number of estimated corn acres to be planted this spring notwithstanding. We are only one drought or significant grain disease outbreak from an unbelievably dramatic run-up in feed prices and serious feed shortages. It is for this reason that we support the Secretary's recent decision not to hold further CRP signups at this time to replace any of the contract acres not being extended or reenrolled. We encourage Congress and the Secretary to ensure that no new signups to replace acres not being reenrolled or extended under current contracts until we get through the 2008 crop year.

Furthermore, we believe this farm bill should continue to provide the Secretary with the authority to allow early exit from the CRP without penalty, as this remains an important possible safeguard during this time of short supplies. We believe the Secretary may need to reconsider his recent decision not to offer such a penalty free early exit for existing contract holders, and we ask the Committee to monitor the evolving supply and demand situation closely and, if appropriate, urge the Secretary to take a second look at this issue.

CRP AND CELLULOSIC ETHANOL

Lastly, UEP believes with others that in order to help the country meet its energy independence objectives we must be able to create capacity to generate ethanol from cellulosic feedstocks. We support Congress's efforts to determine if CRP contract holders should be allowed to harvest biomass crops like switchgrass for energy production from CRP acres without loss of rental payments, taking environmental considerations into account.

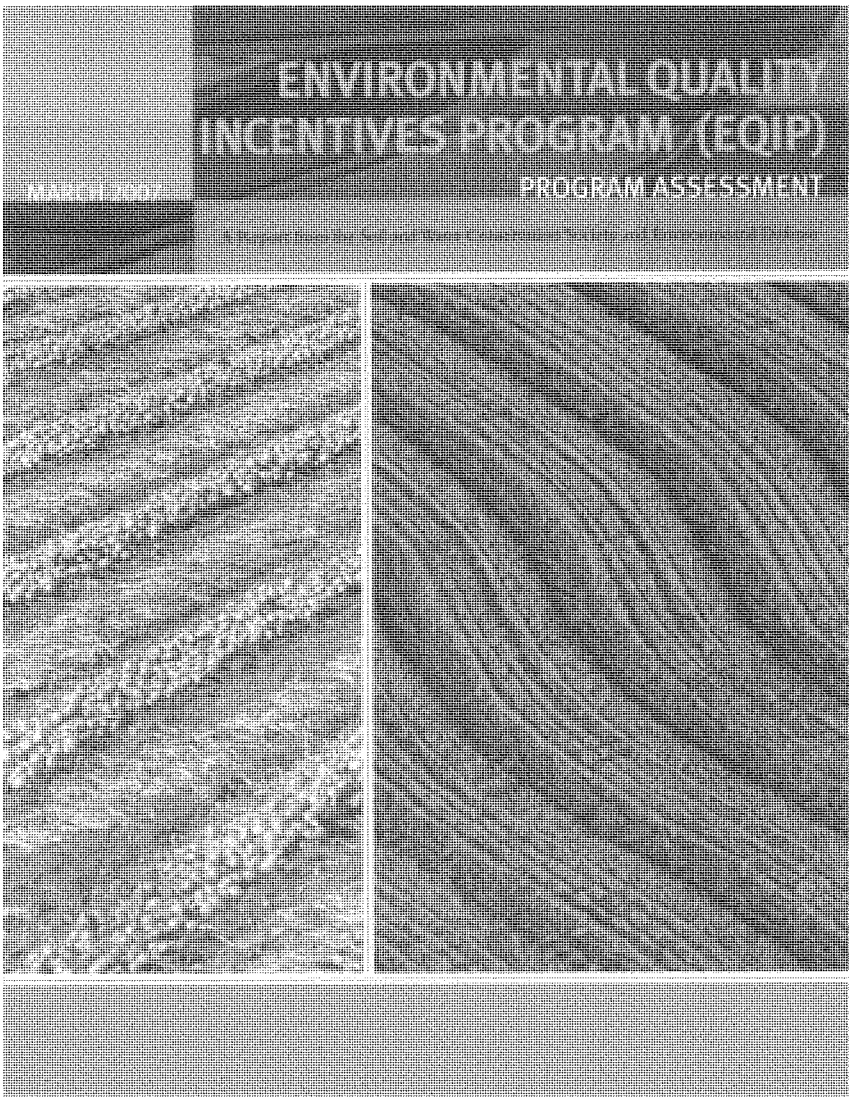
CONSERVATION SECURITY PROGRAM

Egg producers have had very little participation in the Conservation Security Program (CSP), and as such do not have any substantive comments to offer here. We are generally supportive of the program concept and are very willing to review or consider any policy specifics that the Committee may develop on CSP and can offer our reactions to them should they become available.

MINIMIZE ANY DISRUPTION IN THE DELIVERY OF CONSERVATION FINANCIAL ASSISTANCE PROGRAMS

UEP believes it is important the disruption to the conservation financial assistance programs be minimized as you proceed with the 2007 farm bill. We encourage a particular emphasis be given in this farm bill to modest changes to these programs so as to ensure that USDA is able to move promptly into delivering assistance to farmers shortly after the farm bill becomes law. The amount of change in these programs in every farm bill dating back to 1985 has been considerable, and we are concerned that the conservation delivery system at USDA is strained to the breaking point in terms of the program complexity they can manage. Giving them an entire new set of programs would simply be too much, we fear.

UEP will of course support efforts to make the administration of USDA's conservation financial assistance programs more simple and easy wherever possible. This is because such changes could save taxpayer funds and result in better program service for farmers. But we caution Congress to think carefully about specific administrative reforms from the perspective of what it will do to NRCS's ability to move immediately into the delivery of programs that today, with perhaps some modest changes, will be able to work well.


ENVIRONMENTAL QUALITY
INCENTIVES PROGRAM (EQIP)
PROGRAM ASSESSMENT

MARCH 2007

ENVIRONMENTAL QUALITY INCENTIVES PROGRAM (EQIP)

PROGRAM ASSESSMENT

A Report from the Soil and Water Conservation Society and Environmental Defense

Environmental Quality Incentives Program (EQIP) Program Assessment
March 2007

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The Soil and Water Conservation Society is a nonprofit scientific and educational organization that serves as an advocate for natural resource professionals and for science-based conservation policy. Our mission is to foster the science and art of soil, water, and environmental management on working land—the land used to produce food, fiber, and other services that improve the quality of life people experience in rural and urban communities. We work to discover, develop, implement, and constantly improve ways to use land that sustains its productive capacity and enhances the environment at the same time.

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finding the ways that work

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Environmental Defense is dedicated to protecting the environmental rights of all people, including the right to clean air, clean water, healthy food and flourishing ecosystems. Guided by science, we work to create practical solutions that win lasting political, economic, and social support because they are nonpartisan, cost effective, and fair.

ENVIRONMENTAL QUALITY INCENTIVES PROGRAM ASSESSMENT—EXECUTIVE SUMMARY

SELECTING PARTICIPANTS

IMPROVE COST EFFECTIVENESS

their proposals even more important. Cost-effectiveness does not mean low cost, and the lowest-cost application is not necessarily the most effective. If cost-effectiveness determines which applications will be selected, EQIP funds will be well spent whether the resulting contract costs $10,000 or $300,000.

Unfortunately, NRCS's track record at the state level on incorporating cost-effectiveness as a primary ranking factor is poor. Even more troubling, NRCS's new national ranking tool fails to incorporate cost-effectiveness properly. This weakness of the new tool must be corrected or a critical opportunity to improve the performance and simplify the administration of EQIP will be lost.

COMPARE APPLES TO APPLES

Many states rank diverse EQIP applications against each other, which requires difficult "apples and oranges" comparisons. For example, it is very difficult to compare an application proposing to implement a rotational grazing system with another application proposing to apply integrated pest management, or to compare an application proposing to protect at-risk species habitat with an application proposing to construct a manure management facility. Applications proposing to address the same resource concerns should be compared to each other, and those applications that most effectively and efficiently address that resource concern should be selected. NRCS state offices could better accomplish their conservation goals by first allocating funds to different resources of concern and then using different ranking systems specifically designed to compare the relative effectiveness of applications in addressing each individual resource concern.

REWARD HIGHER LEVELS OF PERFORMANCE

Ranking systems typically do not reward higher levels of anticipated performance within a practice standard. If they did, ranking systems would encourage more conservation, be more equitable to those farmers already implementing good practices, and be more open to innovation.

Awarding more points for higher levels of performance has several benefits. First, the program will achieve greater environmental benefits by selecting more participants proposing to accomplish more. Second, rewarding higher levels of performance encourages innovation and the development of agricultural techniques that achieve greater environmental benefits at lower cost. Finally, this approach is more equitable to farmers who have already increased their environmental performance by giving them access to funds to do even better.

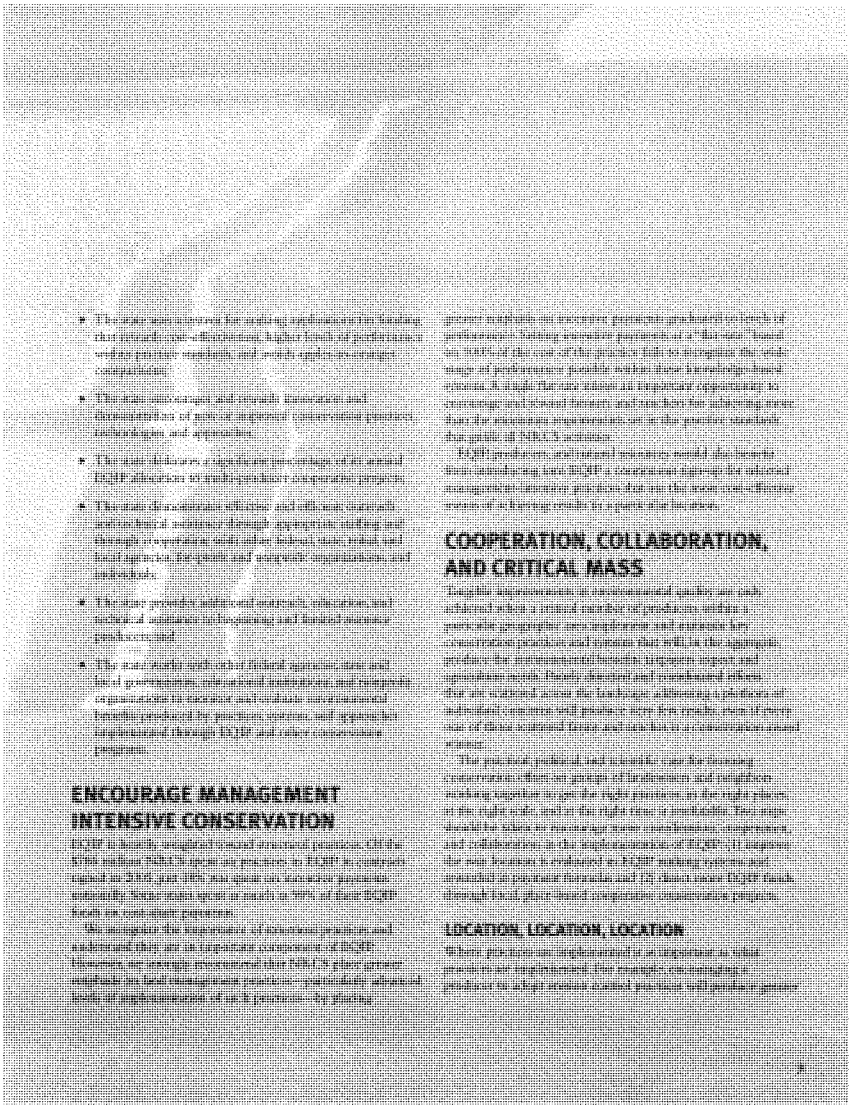
ALLOCATING FUNDS TO STATES

NRCS uses a formula based on 31 factors, each with its own factor weight, to allocate EQIP funding to states. The factors in that formula influence the ultimate environmental performance of EQIP. A recent report from the Government Accountability Office (GAO-06-969, September 2006) concluded that "NRCS's funding process is not clearly linked to EQIP's purpose of optimizing environmental benefits; as such, NRCS may not be directing EQIP funds to states with the most significant environmental concerns arising from agricultural production."

An exhaustive review of the GAO findings and/or of the EQIP allocation formula is beyond the scope of this assessment. However, we strongly recommend that as NRCS revisits the allocation formula in response to the GAO report the agency revise the formula to heavily weight factors that are closely tied to the nature and magnitude of environmental challenges and opportunities in each state. Factors tied to the nature and magnitude of established national priorities should be weighted most heavily.

In the final rule implementing the changes to EQIP made by the 2002 farm bill, NRCS established a "performance incentive" to reward those states that did the best job of implementing the program with additional EQIP funds. We recommend holding back as much as 20% of total program funds each fiscal year to increase this performance incentive. The criteria for determining which states receive awards from these reserved funds should include determinations of whether and to what extent:

The criteria for determining which states receive awards should include the following:



- The state uses criteria for ranking applications for funding that rewards cost-effectiveness, higher levels of performance under previous practices, and avoids undue advantage to competitors.
- The state encourages and rewards innovation and demonstration of new or improved conservation practices, technologies, and approaches.
- The state delivers a significant percentage of its annual EQIP allocation to multi-producer cooperative projects.
- The state delivers effective and efficient outreach and technical assistance through cooperative staffing and through cooperation with other federal, state, tribal, and local agencies, for-profit and nonprofit organizations, and individuals.
- The state provides additional outreach, education, and technical assistance to beginning and limited resource producers; and
- The state works with other federal agencies, state and local governments, interested individuals, and nonprofit organizations to increase and evaluate environmental benefits produced by practices systems, and approaches implemented through EQIP and other conservation programs.

ENCOURAGE MANAGEMENT INTENSIVE CONSERVATION

EQIP is heavily weighted toward structural practices. Of the $700 million NRCS spent on practices in EQIP in contracts signed in 2002, just 10% was spent on structural practices; nationally, those practices made up a much as 70% of their EQIP funds in some states.

To maximize the importance of resource protection and environmental gains as important components of EQIP, Congress, in passing amendments that NRCS place greater emphasis on land management practices—particularly advanced levels of implementation of such practices—by placing greater emphasis on resource protection produced as a result of performance during incentive payments at the state level on 50% of the cost of the practices like to recognize the wide range of performance possible within more technology-based systems. It made the state assistance opportunity to encourage and reward farmers and ranchers for achieving more than the minimum requirements set in the practice standard, the goals of NRCS's systems.

EQIP producers and natural resources would also benefit from considering new EQIP's conservation options for advanced management intensive practices that are the most cost-effective means of achieving results to reach the location.

COOPERATION, COLLABORATION, AND CRITICAL MASS

Tangible improvements in environmental quality are only achieved when a critical number of producers within a area use the appropriate conservation and systems for conservation practices and systems that will in the aggregate produce the environmental benefits to protect water and agriculture needs. Dispersed and unorganized efforts are scattered across the landscape achieving a plethora of individual conservation practices with few results, even if many use of these scattered farms and ranches is substantial overall acreage.

The practical problem and remedy—that the farming conservation effort on groups of landowners and neighbors working together to get the right practices in the right places at the right scale, and at the right time if practicable. The state should be alert to encourage team coordination, cooperation, and collaboration in the implementation of EQIP. (1) targeting the way funding is evaluated in EQIP ranking systems and awarded to persons for groups, and (2) direct more EQIP funds through local, state-based cooperative conservation projects.

LOCATION, LOCATION, LOCATION

Where practices are implemented is as important as what practices are implemented. For example, encouraging a producer to adopt erosion control practices will produce greater

[illegible]

COOPERATIVE CONSERVATION

[illegible]

INCREASE FUNDING

[illegible]

INTRODUCTION

This assessment of the Environmental Quality Incentives Program (EQIP) is one of four assessments of major U.S. Department of Agriculture (USDA) conservation programs. The other three assessments review the Conservation Security Program (CSP), the Conservation Reserve Program (CRP), and the programs designed to provide technical assistance to producers participating in USDA conservation programs. The intent of these assessments is to help us better understand how these programs are working today and how they may be improved. Assessing EQIP is particularly important because it is the largest USDA program designed to help producers integrate environmental protection into their ongoing crop and livestock production systems. Funding for EQIP increased fivefold from 2002 to 2005 as a result of the 2002 farm bill. In the eyes of many, this increase in EQIP funding is among the most important achievements of the 2002 farm bill. The funding increase also makes it more important than ever that taxpayers get the most environmental benefit out of each dollar they are investing in EQIP.

We relied on fiscal year 2005 program information for most of the analyses presented in this report. The USDA Natural Resources Conservation Service (NRCS) graciously provided us with 2005 EQIP program data from its ProTracts database. The ProTracts database aggregates information contained in EQIP contracts about payments, practices, resource concerns, and other components of an EQIP contract. The data we examined were anonymous; any information that could identify the name or address of a participant was deleted. NRCS staff, particularly the EQIP program staff, answered many diverse questions about EQIP program policies, guidance, and data. We provided NRCS an advance copy of this report, and the agency graciously agreed to check the accuracy of the data and statements about program policy made in this report. The conclusions and recommendations, however, are solely the responsibility of the Soil and Water Conservation Society and Environmental Defense. NRCS's much-appreciated cooperation in completing this assessment should not be interpreted in any way as an endorsement of our conclusions and recommendations.

EQIP—HOW THE PROGRAM WORKS

EQIP was established under the 1996 Federal Agriculture Improvement and Reform (FAIR) Act by consolidating four pre-existing conservation programs—the Agricultural Conservation Program (ACP), the Water Quality Incentives Program (WQIP), the Great Plains Conservation Program (GPCP), and the Colorado River Salinity Control Program (CRSCP) and amended in the 2002 Farm Security and Rural Investment (FSRI) Act. USDA's NRCS administers EQIP. The principal objective of EQIP is to provide producers with assistance that promotes production and environmental quality as compatible goals, optimizes environmental benefits, and helps farmers and ranchers meet federal, state, and local regulatory requirements. EQIP provides producers with technical and financial assistance for implementing and managing a wide range of conservation practices for crop and livestock production. The EQIP statute included five important innovations in conservation policy and programs:

1. The program was to focus on the off-farm, environmental benefits of conservation rather than more traditional on-farm, productivity-enhancing benefits.
2. The program was funded from the Commodity Credit Corporation (CCC), the same funding source as crop subsidies and farm support programs.
3. Mandatory funding for technical assistance to implement the program was provided from the CCC.
4. The program was to be based on long-term contracts, with a five-year minimum contract length.
5. The U.S. Secretary of Agriculture was empowered to delineate conservation priority areas to focus resources on environmentally sensitive locations.

BASIC PROVISIONS OF EQIP, 2005

EQIP was first authorized in the 1996 Food and Agriculture Improvement Act and reauthorized with amendments in the 2002 Farm Security and Rural Investment Act. EQIP is available in all 50 states, the Caribbean area (Puerto Rico and the Virgin Islands), and the Pacific Basin area (Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands).

Agricultural producers—individuals or entities engaged in livestock or agricultural production—may participate in EQIP. Producers must be in compliance with conservation compliance provisions, and individuals or entities that have an average adjusted gross income exceeding $2.5 million are not eligible to participate in EQIP. All individual producers, entities, or other applications with multiple beneficiaries must provide Social Security or Employer Identification numbers at the time of

HOW EQIP FUNDS ARE ALLOCATED TO STATES

EQIP funds for cost-share and financial assistance payments are divided among states using a 31-factor formula. The factors and weights used in fiscal year 2006 are as follows (source: Government Accountability Office, GAO-06-969):

FACTOR	WEIGHT
Acres of nonirrigated cropland	3.2
Acres of irrigated cropland	4.3
Acres of federal grazing lands	0.5
Acres of nonfederal grazing lands	4.3
Acres of forestlands	1.1
Acres of specialty cropland	3.2
Acres of wetlands and at-risk species habitat	4.6
Acres of bodies of water	3.2
Livestock animal units	5.8
Animal waste generation	5.8
Waste management capital cost	3.5
Acres of American Indian tribal lands	3.3
Number of limited resource producers	5.0
Acres of grazing land lost to conversion	0.8
Air quality nonattainment areas	1.4
Acres of pastureland needing treatment	5.5
Acres of cropland eroding above soil loss tolerance level (T)	6.2

FACTOR	WEIGHT
Acres of fair and poor rangeland	6.2
Acres of forestlands eroding above T	1.4
Acres of cropland and pastureland soils affected by saline and/or sodic conditions	2.6
Miles of impaired rivers and streams	3.6
Potential for pesticide and nitrogen leaching	1.3
Potential for pesticide and nitrogen runoff	1.7
Ratio of livestock animal units to cropland	1.7
Number of concentrated animal feeding operations/animal feeding operations	2.8
Ratio of commercial fertilizers to cropland	0.9
Wind erosion above T	4.2
Phosphorous runoff potential	3.9
Riparian areas	0.8
Carbon sequestration	3.6
Coastal zone land	3.6

Technical assistance dollars are divided among states based on the number of ongoing EQIP contracts and expected future technical assistance needs.

Groundwater and surface water funds are allocated to eight high-plains aquifer states, nine western drought states, and other states with agricultural water needs using a formula based on Census of Agriculture data for irrigation and irrigation water availability.

A small portion of EQIP funds are allocated to states as performance bonuses to support work to reduce salinity in the Colorado River, to achieve regional equity in fund distribution, and to support water conservation work in the Klamath Basin.

application for purposes of monitoring payment limitations. Land uses eligible under EQIP include cropland, rangeland, grassland, pasture land, and private-nonindustrial forestland.

All EQIP activities must be carried out according to an EQIP plan of operations for the practice(s) to be implemented. These plans are site specific for each farm or ranch and may be developed by producers or with help from NRCS or other certified technical service providers. EQIP plans of operation are developed in conjunction with the producer and address the producer's objectives and the identified natural resource concerns. All plans are subject to NRCS technical standards adapted for local conditions and are approved by the conservation district.

State and local decision makers determine which conservation practices are eligible for EQIP assistance. Cost-sharing may pay up to 75% of the costs of certain conservation practices, such as grassed waterways, filter strips, manure management facilities, capping abandoned wells, and other practices important to improving and maintaining the health of natural resources in the area. The EQIP cost-share rates for limited resource producers and beginning farmers and ranchers may be up to 90%.

Incentive payments may be made to encourage a producer to perform land management practices, such as nutrient management, manure management, integrated pest management, irrigation water management, prescribed grazing, and wildlife habitat management. These payments may be provided for up to three years to encourage producers to carry out management practices that they otherwise might not implement.

The 2002 farm bill limits the total amount of cost-share and incentive payments paid to an individual or entity to an aggregate of $450,000, directly or indirectly, for all contracts entered into during fiscal years 2002 through 2007.

Allocation of funds from the national level to state NRCS offices is based on a 31-factor formula. States identify state and local priority resource concerns and allocate funds to those concerns using national priorities as guidance.

Each state or locality develops a ranking system to prioritize the applications that will ensure EQIP will address priority natural resource concerns. The ranking process assists the state and local decision makers in determining which applications merit EQIP enrollment.

Farmers and ranchers may elect to use a certified third-party provider for technical assistance.

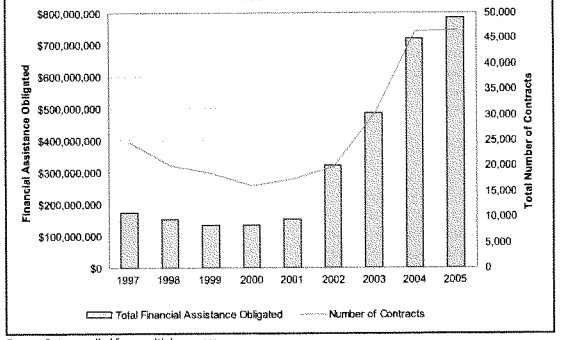
FUNDING HISTORY

The 1996 farm bill mandated $200 million a year for the program—more than doubling funding for the programs that had been consolidated into EQIP. The 2002 Farm Security and Rural Investment Act (2002 farm bill) dramatically increased funding for EQIP. The 2002 farm bill mandated that EQIP was to ramp up from $400 million in 2002 to $700 million in 2003 and eventually $1.3 billion in 2007. The mandated funding amounted to a total investment of $5.8 billion over the life of the 2002 farm bill—a more than fourfold increase over the funding for EQIP provided by the 1996 farm bill.

Figure 1 shows that EQIP financial assistance obligated each year grew quickly through fiscal year 2005 as a result of the 2002 farm bill. Annual EQIP obligations grew from $151 million in 2001 to $786 million in 2005—an increase of more than 400%. The number of EQIP contracts has grown along with annual funding. The number of EQIP contracts grew from about 17,000 in 2001 to over 46,000 in 2005—an increase of about 170%.

All states have seen significant increases in EQIP funds as a result of the 2002 farm bill. NRCS uses a formula to allocate EQIP funds to states (see sidebar). Figure 2 shows the resulting allocation of EQIP funds to states based on the factors included in the allocation formula in 2005.

Figure 1. EQIP FINANCIAL ASSISTANCE OBLIGATED AND CONTRACTS SIGNED, 1997–2005



Source: Data compiled from multiple sources.

Congress began limiting EQIP funding at levels below those mandated by the 2002 farm bill almost as soon as the bill was signed into law (see Table 1 and Figure 3). The gap between mandated funding and actual funding—the EQIP funding shortfall—has grown each year since 2003. The cumulative shortfall through fiscal year 2006 is $396 million.

Funding shortfalls have contributed to an already large backlog of producers turned away from the program. In 2005, the backlog of unfunded applications totaled $596 million, over half the total funding for EQIP in 2005. About 49,000 applications to participate in EQIP were approved while nearly 32,000 were added to the backlog.

The backlog of unmet demand for EQIP funds makes it clear that we are not taking full advantage of producers' willingness to invest in conservation and environmental improvement. Over 23,000 additional EQIP contracts, for example, could have been signed if Congress had not cut $396 million from EQIP since 2003 (the average EQIP contract is $16,887). As a result, we are missing opportunities to secure clean water, clean air, healthy soils, critical habitat, and more.

IMPACT OF 2002 STATUTE CHANGES

Congress made important changes to EQIP in 2002 in addition to the dramatic increase in funding. Those changes included (1) reducing the minimum length of an EQIP contract, (2) raising the cap on total cost of EQIP contracts to $450,000, (3) eliminating the prohibition against providing funding to "large livestock operations" for animal waste management facilities, and (4) eliminating the mandate to establish conservation priority areas. Different organizations and interests raised questions and concerns

Table 1. EQIP FUNDING SHORTFALL, 2002–2006 ($ MILLIONS)

	2002	2003	2004	2005	2006	TOTAL
Funding mandated in 2002 farm bill	$400	$700	$1,000	$1,200	$1,200	$4,500
Funding actually provided	$400	$695	$975	$1,017	$1,017	$4,104
Shortfall	$0	$5	$25	$183	$183	$396

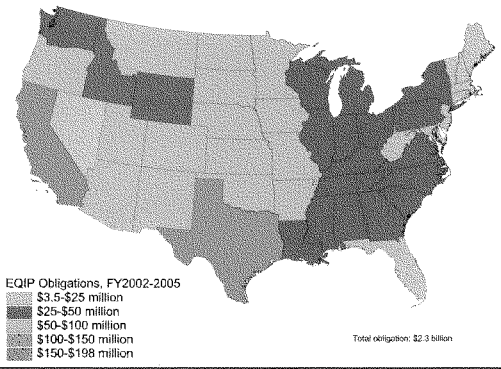
about each of these changes during the 2002 farm bill debate. Where data are available, we have tried to shed light on the actual impact these changes have had on the EQIP program since passage of the 2002 farm bill.

EFFECT OF REDUCING MINIMUM CONTRACT LENGTH

The 1996 farm bill set a minimum contract length of 5 years and a maximum contract length for EQIP of 10 years. In 2002, Congress eliminated the mandatory minimum 5-year contract length, instead providing for a contract length that "at a minimum, is equal to the period beginning on the date on which the contract is entered into and ending on the date that is 1 year after the date on which all practices under the contract have been implemented." The 2002 statute maintained the maximum contract length of 10 years.

Most 2005 EQIP contracts were much shorter than the previous 5-year minimum. Sixty-nine percent of farmers and ranchers enrolled in the program in 2005 have contracts lasting three years or less, and 47% lasting two years or less. Prior to the 2002 farm bill, the average length of an EQIP contract was 6 years (Table 2). Producers who received cost-share payments to install structural conservation practices such as terraces, grassed waterways, manure handling facilities, and other engineered structures, must maintain those structures for the useful life of the practice. Because over 80% of all payments in 2005 contracts are cost-share payments, the useful life of the subsidized structures is a better indication of the length of the obligation producers incur, and hopefully the impact of the practices, under an EQIP contract. In all cases, the useful life of a structure exceeds 5 years.

Figure 2. DISTRIBUTION OF EQIP FUNDING BY STATE, 2002–2005

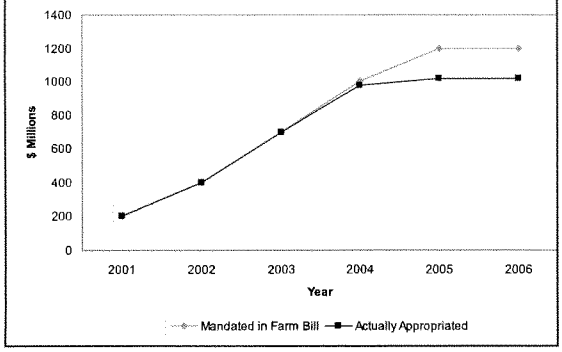


Source: NRCS 2005 ProTracts database.

Although most EQIP participants in 2005 signed up for contracts that include a number of practice or practice components, the average number of practices per contract has declined substantially since 2002. On average, producers in 2005 signed up for almost five practices per contract, less than half of the average number of practices per EQIP contract prior to 2002. Most EQIP contracts are from two to five years in length and include two to five practices (Figure 4). About 21% of EQIP contracts include a single practice. More important than the number of practices in an EQIP contract is the effectiveness of those practices at solving an environmental problem and contributing to environmental quality in the local watershed or community. The number of practices alone tells us little about whether the subsidized practices are the most effective ones or if they are being implemented where they will produce the most environmental benefit.

There was a strong bias in EQIP 2005 toward cost-sharing engineered structures and away from encouraging management-intensive conservation

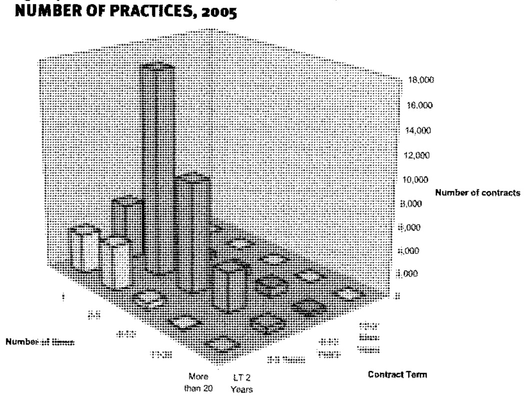
Figure 3. EQIP FUNDING SHORTFALL, 2001–2006



Source: NRCS 2005 ProTracts database.

systems through incentive payments. That bias toward structures concerns us, and we recommend later in this report that more emphasis be placed on incentive payments in the future. The shorter contract length and single-practice contracts raise concerns about the level and rigor of planning that goes into such a short-term contract, particularly since the engineered structures cost-shared may be quite expensive. The emphasis on cost-shared structures means a great deal of attention must be paid to cost-effectiveness and to ensuring that those structures, alone or in combination with other activities in the EQIP plan of operations, will at least meet the nondegradation standards for the priority resource concern(s) that EQIP payments are being made to address.

Figure 4. RELATIONSHIP OF CONTRACT LENGTH TO NUMBER OF PRACTICES, 2005



Source: NRCS 2005 ProTracts database.

EFFECT OF RAISING CONTRACT CAP TO $450,000

The 1996 farm bill limited the "total amount of cost-share and incentive payments paid to a producer" to not more than (1) $10,000 for any fiscal year or (2) $50,000 for any multi-year contract. The 2002 farm bill eliminated the limitation on the amount that could be received in any fiscal year and raised the limitation on total payments to $450,000. If an "individual or entity" receives cost-share or incentive payments "directly or indirectly" through multiple EQIP payments, then the $450,000 limit applies to the sum of all payments that individual or entity receives through all of those multiple contracts.

The average cost of an EQIP contract has increased since 2002. The average cost of an EQIP contract prior to 2002 was $7,750; the average cost after 2002 is $16,250, or over twice the 1997 to 2001 average (Figure 5 and Table 3). The average contract cost, however, remains far below the $450,000 limit. The average cost of active EQIP contracts in 2005, for example, was $16,887—less than 4% of the maximum contract level (Table 3). The median contract is even smaller—about half the average value. Of the 46,547 EQIP contracts in 2005, 671 (1.4%) exceeded $100,000, 99 (0.2%) exceeded $250,000, and 24 (0.05%) were at or over the $450,000 limit. Some contracts exceed the $450,000 limit because the cost of reimbursing producers for using consultants (technical service providers) to supply the technical assistance needed to implement practices is not subject to the limit.

If one or more of the conservation practices in an EQIP contract address livestock concerns, the contract is labeled a livestock contract by field office staff. Some conservation practices such as prescribed grazing, fencing, manure transfer, or animal waste utilization are clearly related to livestock production. Other practices such as nutrient management, heavy use area protection, or pest management could apply to both crop and livestock production. In those cases, the field conservationist determines whether the practice is addressing a concern on a livestock operation and labels the contract appropriately. The NRCS ProTracts database reports whether an EQIP contract is a "livestock" contract based on the way the contract is labeled by field staff.

Contracts labeled livestock tend to be slightly larger than contracts not labeled as livestock contracts, but still are far below the $450,000 contract limit as with EQIP contracts as a whole. Raising the contract limit has not resulted in a significant shift in funding to a smaller number of much larger contracts.

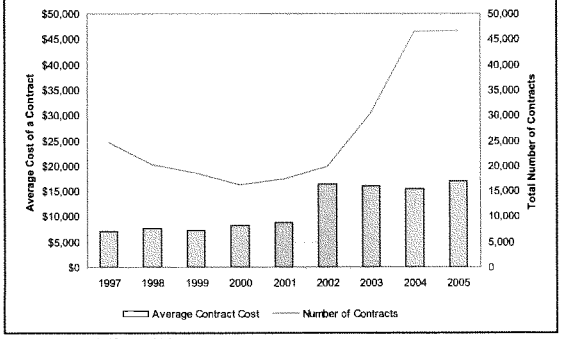
The distribution of EQIP funding was skewed, however, toward larger contracts (Table 4). Sixty-two percent of EQIP funds went to the 18% of EQIP contracts that were larger than $25,000. That 18% of larger contracts, however, treated 54% of all acres treated by EQIP contracts in 2005. Because payments for many conservation practices are scaled by the

[illegible] CONTRACT LENGTH AND PRACTICES PER CONTRACT BEFORE AND AFTER [illegible]

	EQIP 1997–2001	EQIP 2005
Average contract length	[illegible] years	[illegible] years
Average number of practices	[illegible]	[illegible]

Source: Data compiled from multiple sources.

Figure 5. NUMBER AND AVERAGE COST OF EQIP CONTRACTS, 1997–2005



Source: Data compiled from multiple sources.

number of acres on which that practice is applied, most conservation programs tend to be skewed to farms and ranches with larger acreages. The Conservation Security Program (CSP)—the other major program targeted at improving farm and ranch management—shows a similar pattern in distribution of contracts and payments. In 2005, 24% of CSP contracts received 55% of CSP payments and accounted for 71% of acres enrolled in CSP contracts.

Contracts involving practices associated with livestock production tend to be larger than nonlivestock contracts, but the distribution among contract cost classes is remarkably similar between the two groups of contracts.

Participants in EQIP can be part of multiple EQIP contracts. An individual or entity receiving payments through multiple EQIP contracts could approach or exceed the $450,000 contract limit even if all of the individual EQIP contracts were well below that limit. In 2005 EQIP contracts, however, the vast majority—90%—of participants are receiving payments from only one EQIP contract. That 90% of EQIP participants are receiving 84% of the total value of EQIP contracts (Table 5). Ninety-eight percent of participants receive benefits from three or fewer contracts and receive 96% of the total value of EQIP contracts.

Benefits from multiple contracts are, however, an important factor in explaining the very small minority of cases when participants are receiving close to the $450,000 limit. Of the 49 participants (out of 46,547 total contracts) receiving over $450,000, 45 received benefits from multiple contracts. Similarly, 168 participants received over $400,000, 120 of whom received benefits from multiple contracts.

Despite the much higher $450,000 limit on what an individual or entity can receive from EQIP, the vast majority of EQIP contracts are far below the $450,000 limit and the vast majority of individuals and entities receive far less than that limit. Large contracts and/or large sums to particular individuals or entities have not captured a significant percentage of EQIP funds. The ability of individuals or entities to receive benefits from multiple EQIP contracts has resulted in a very few parties receiving large benefits from the program. Limiting the number of contracts a single individual or entity can receive payments from would have more effect on the distribution of EQIP payments than lowering the $450,000 cap on benefits.

Again, as with contract length and number of practices per contract, the size and number of contracts held by EQIP participants tell us little about the environmental performance of those contracts—the most important question that needs to be answered. Large contracts can have very large environmental benefits. Holders of multiple contracts may be improving the management of a complex of farms and ranches under their control.

The larger cap on contract costs, large price tag of some contracts, and larger budget of EQIP overall should and do place a greater burden on NRCS to ensure all EQIP funds go to those contracts that produce the most environmental benefits for each dollar taxpayers invest in that contract. Focusing on cost effectiveness would also help NRCS ensure EQIP is as neutral as

Table 3. MEAN, MEDIAN, AND RANGE OF EQIP CONTRACT COSTS, 2005

	NONLIVESTOCK CONTRACTS	LIVESTOCK CONTRACTS	ALL CONTRACTS
Mean	$14,174	$19,036	$16,887
Median	$7,200	$8,660	$8,008
Minimum	$15	$20	$15
Maximum*	$450,000	$531,440	$531,440

*Some contracts exceed the EQIP $450,000 limit due to reimbursement of TSP technical assistance included in contract that is not subject to the limit.

Source: NRCS 2005 ProTracts database.

Table 4. FUNDS OBLIGATED, ACRES TREATED, AND NUMBER OF CONTRACTS IN DIFFERENT CONTRACT COST CATEGORIES, 2005

	FUNDS OBLIGATED		ACRES TREATED		NUMBER OF CONTRACTS	
Cost class	Total	Percent	Total	Percent	Total	Percent
Less than $100	$1,509	0.0%	191	0.0%	22	0.0%
$100–$500	$245,748	0.0%	16,693	0.1%	709	1.5%
$500–$1,000	$1,307,381	0.2%	92,446	0.5%	1,761	3.8%
$1,000–$5,000	$39,668,173	5.1%	1,528,776	8.7%	14,098	30.3%
$5,000–$10,000	$71,379,793	9.1%	1,964,317	11.2%	9,848	21.2%
$10,000–$25,000	$188,331,465	24.1%	4,446,780	25.3%	11,744	25.2%
$25,000–$50,000	$173,338,333	22.2%	4,266,897	24.3%	5,052	10.9%
$50,000–$100,000	$181,242,454	23.2%	3,264,281	18.6%	2,582	5.5%
$100,000–$250,000	$91,167,450	11.7%	1,376,902	7.8%	630	1.4%
$250,000–$450,000	$29,429,803	3.8%	614,558	3.5%	89	0.2%
More than $450,000	$5,494,090	0.7%	18,391	0.1%	12	0.0%
Total	$781,606,199	100.0%	17,590,230	100.0%	46,547	100.0%

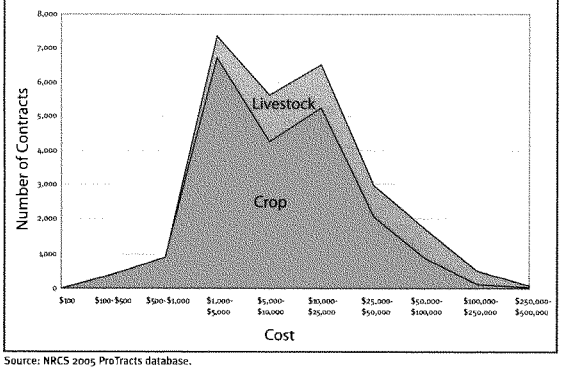
Source: NRCS 2005 ProTracts database.

possible in terms of farm or ranch type or size by selecting participants based on which producers are willing to and can do the most to improve environmental quality.

Overall, 8% of active EQIP contract holders in 2005 were beginning farmers and received 9.4% of EQIP funding. (Beginning farmers are defined as an individual or entity who has not operated a farm or ranch, or who has operated a farm or ranch for less than 10 years, and who materially and substantially participates in the operation.) Beginning farmers are estimated to comprise between 22% and 31% of farms, depending on the region of the United States in which such farmers are found (Civil Rights Impact Analysis for The Final Rule: Environmental Quality Incentive Program).

Limited resource farmers accounted for almost 3% of all active EQIP contracts in 2005 and received almost 3% of EQIP funding. (A limited resource farmer is an individual with gross farm sales not more than $100,000, and a total household income at or below poverty level for a family of four, or less than 50% of county median household income, in each of the previous two years.) Limited resource farms are estimated to comprise between 7.5% and 13.8% of farms, depending on the region of the United States in which such farms are found (Civil Rights Impact Analysis for The Final Rule: Environmental Quality Incentive Program).

Figure 6. SIZE DISTRIBUTION OF EQIP CONTRACTS, 2005



Source: NRCS 2005 ProTracts database.

EFFECT OF ALLOWING FUNDING FOR LARGE LIVESTOCK OPERATIONS

The 1996 farm bill included a provision that prohibited a "producer who owns or operates a large confined livestock operation (as defined by the Secretary)" from receiving "cost-share payments to construct an animal waste management facility." Owners or operators of a large confined livestock operation could receive technical assistance as well as cost-share and incentive payments for practices not considered part of constructing an animal waste management facility.
The 2002 farm bill deleted this limitation on cost-share payments.

The limitation on cost-share payments to large confined livestock operations has been among the most contested

TABLE 5 DISTRIBUTION OF EQIP CONTRACTS AMONG INDIVIDUALS AND ENTITIES, 2005

	INDIVIDUALS AND ENTITIES		TOTAL VALUE OF CONTRACTS	
Number of contracts	Number	Percent	Dollars	Percent
More than 50	1	0.00%	$426,661	0.06%
40–49	1	0.00%	$110,655	0.01%
30–39	4	0.01%	$352,404	0.05%
20–29	8	0.02%	$637,966	0.08%
10–19	88	0.21%	$4,637,942	0.60%
5–9	358	0.84%	$13,905,381	1.80%
4	259	0.61%	$7,851,755	1.02%
3	639	1.50%	$19,154,065	2.48%
2	2,885	6.75%	$77,264,006	9.99%
1	38,489	90.07%	$648,749,622	83.92%
Total	42,732	100.00%	$773,090,492	100.00%

Source: NRCS 2005 ProTracts database.

issues in EQIP since its inception in 1996. Unfortunately, there is no direct way to assess the effect of eliminating the limitation on cost-share payments with the data available to us. The NRCS ProTracts database does not provide information about the number of animal units on the operation enrolled in an EQIP contract. The available data are suggestive, but not conclusive. The most important practices formerly subject to the limitation on cost-share assistance to large confined livestock operations are catagorized as follows: (1) waste management facilities, (2) waste treatment lagoons, (3) ambient anaerobic digesters, (4) controlled anaerobic digesters, (5) waste storage ponds, and (6) manure transfer practices. Only two of these practices—waste storage facilities and manure transfer—are among the top twenty practices receiving cost-share assistance in 2005 (Table 7, presented later). Taken together, those two practices accounted for 16% of cost-share payments and 13% of all EQIP payments in 2005. We have no way of knowing, however, how much of that cost-share assistance went to operations that would have been prevented from receiving assistance prior to the 2002 farm bill. The data do suggest, however, that the majority of EQIP financial assistance is not going to practices and operations that were previously prohibited from receiving that assistance.

EFFECT OF ELIMINATING MANDATE FOR CONSERVATION PRIORITY AREAS

The 1996 farm bill included a provision that authorized the Secretary to designate "watersheds, multi-state areas, or regions of special environmental sensitivity as conservation priority areas" eligible for "enhanced assistance" through EQIP and other conservation programs. The 2002 farm bill eliminated this provision.

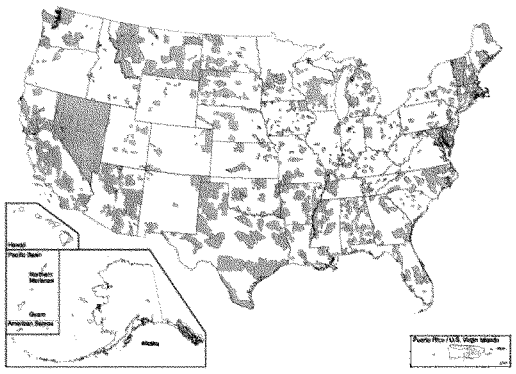
From 1997 through 2001, states nominated over 2,400 conservation priority areas, and over 1,380 priority areas received funding in at least one of those four years.

Implementation of the conservation priority area concept as it applied to EQIP was highly varied. In fiscal year 2000, 73% of EQIP financial assistance funds were obligated to contracts in geographic priority areas.

The designation of priority areas was left to the states, which varied widely in both the number and size of conservation priority areas that were designated (see Figure 7). States also varied widely in the extent to which conservation priority areas actually functioned effectively to focus conservation effort where that effort was most needed within the designated priority area to meet the objectives that were the justification for defining the boundaries of the conservation priority area.

Although we have not assessed the extent to which conservation priority areas, as implemented, actually functioned to focus conservation effort effectively, it is clear that allocation of EQIP funds and the setting of priorities have become more diffuse since the passage of the 2002 farm bill. The potential benefits to taxpayers, producers, and the environment of seeking to achieve a critical mass of participation in a particular geographic setting are very large. We make recommendations later in this report that are intended to recapture those benefits.

Figure 7. EQIP CONSERVATION PRIORITY AREAS FUNDED IN 2000



Source: NRCS EQIP program data (http://www.nrcs.gov/programs/eqip).

OHIO SPECIAL EQIP PROJECT

Many state and federal reports have identified Lake Erie as impaired due to excessive loadings of sediment and nutrients. Of the 14 potential beneficial uses listed in the Great Lakes Water Quality Agreement, only three are not impaired in Lake Erie. The Lake Erie Protection Plan established a goal of reducing sediment loading into the lake by 67%.

Ohio NRCS realized that routine use of EQIP was not going to make the kind of impact the agency wanted and needed to make on agricultural inputs of nutrients and sediment to tributaries to Lake Erie. Traditionally, EQIP is implemented on a farm-by-farm basis, with little if any coordination between enrolled farms. EQIP also focuses most of its resources on helping farmers achieve the basic requirements of various practices rather than on moving farmers to a higher level of performance or resource management. Given the pressing challenges of addressing the Western Lake Erie Basin problems, Ohio NRCS developed a coordinated plan in the basin to move farmers beyond basic practice standards and expectations.

Working in partnership with Environmental Defense, the Conservation Action Project, and the Ohio Farm Bureau Federation, NRCS developed and launched the Ohio Lake Erie EQIP Special Project (EQSP) with about $1 million devoted to the project for 2006 enrollments. This special EQIP initiative offers participating farmers a per acre incentive payment to implement an advanced level conservation plan. Per acre payments ranging from $7/acre to $14/acre are made to assist producer's implement soil, pest, and nutrient management (including precision nutrient management), residue management (including no-till), filter strips, waste utilization, pasture management, enhanced vegetative cover, new buffers, and enhanced water management, as appropriate to the producer's operation and location.

The EQSP is offered to farmers in the Tiffin, Blanchard, and St. Mary's watersheds, as well farmers whose land drains into the watershed of Grand Lake St Mary's. NRCS and partners selected these watersheds because of their importance to water quality in tributaries to Western Lake Erie.Participants may enroll up to 500 acres in the program. NRCS has implemented this 500-acre per farmer limit to enable the program to reach as many producers as possible while having a meaningful impact on participating farms. Project partners hope and anticipate that after evaluating implementation of these practices on up to 500 acres, farmers will find the benefits significant enough to expand implementation to their other acres as appropriate.

Participating farmers will use the incentive payment they receive through the EQSP to hire a certified crop consultant or other qualified advisor to develop the advanced level conservation plan, and then to implement the practices included in the plan. NRCS made the decision to have participating farmers use consultants for plan development and implementation assistance to ensure that agency staff resource limitations will not constrain implementation of the project.

EQIP 2005

With over 125 million acres affected by completed or current contracts, the potential environmental impact of EQIP is large. Resource concerns addressed and practices funded are the most comprehensive indications of what EQIP is accomplishing that we can derive from the NRCS ProTracts database.

RESOURCE CONCERNS ADDRESSED

NRCS has established five national priorities for EQIP:

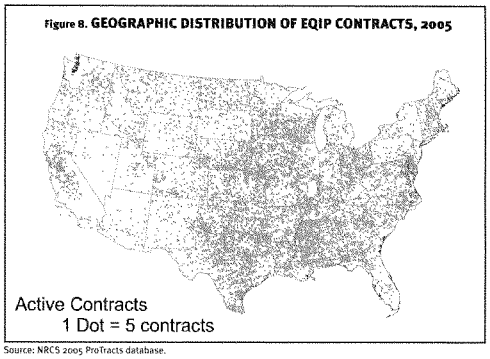
1. Reduction of nonpoint source pollution such as nutrients, sediment, pesticides, or excess salinity in impaired watersheds consistent with TMDLs where available; the reduction of groundwater contamination; and reduction of point sources such as contamination from confined animal feeding operations.
2. Conservation of ground and surface water resources.
3. Reduction of emissions, such as particulate matter, nitrogen oxides (NOx), volatile organic compounds, and ozone precursors and depleters that contribute to air quality impairment violations of national ambient air quality standards.
4. Reduction in soil erosion and sedimentation from unacceptable levels on agricultural land.
5. Promotion of at-risk species habitat conservation.

In addition to these national priorities, states and counties identify their own resource concern priorities for EQIP funds.

Figure 9 and Table 6 show that EQIP in 2005 was heavily focused on soil and water resources. Contracts that addressed water quality accounted for 41.6% of all expenditures in 2005, soil quality 11.9%, and water quantity 12.9%. Together these resource concerns, which are all related to EQIP national priorities, accounted for two-thirds of EQIP expenditures. Grazing land health was the next most important resource concern, with contracts that addressed grazing land health accounting for 19.9% of expenditures in 2005. The seven remaining resource concerns, which included air emissions and at-risk species habitat, were addressed in contracts that accounted for 13.7% in total.

The expenditures on resource concerns presented in Figure 9 and Table 6 total over $1.4 billion—nearly twice the absolute amount of financial assistance obligated in 2005. This discrepancy occurs because many, if not most, EQIP contracts address multiple resource concerns. Therefore, the resource concern

Figure 8. GEOGRAPHIC DISTRIBUTION OF EQIP CONTRACTS, 2005



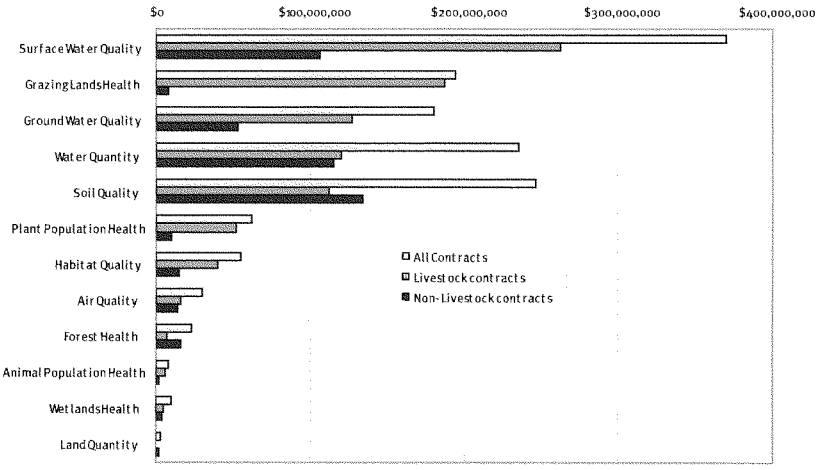
Source: NRCS 2005 ProTracts database.

Table 6. RELATIVE EMPHASIS ON RESOURCE CONCERNS, 2005

RESOURCE CONCERN	EXPENDITURES	CONTRACTS	EXPENDITURES/ CONTRACT
Air quality	$30,548,446	1,503	$20,325
Forest health	$22,821,655	2,383	$9,577
Grazing lands health	$195,111,685	13,206	$14,774
Groundwater quality	$180,995,840	8,632	$20,968
Habitat quality	$55,564,793	2,597	$21,396
Land quantity	$3,278,139	119	$27,547
Plant population health	$49,814,307	2,745	$18,147
Population health	$7,954,135	385	$20,660
Soil quality	$246,722,156	15,649	$15,766
Surface water quality	$370,231,992	19,693	$18,800
Water quantity	$236,163,117	11,231	$21,028
Wetlands health	$9,604,764	295	$32,559
Total	$1,421,551,386	79,398	$17,904

Source: NRCS 2005 ProTracts database.

Figure 9. 2005 EXPENDITURES BY RESOURCE CONCERN



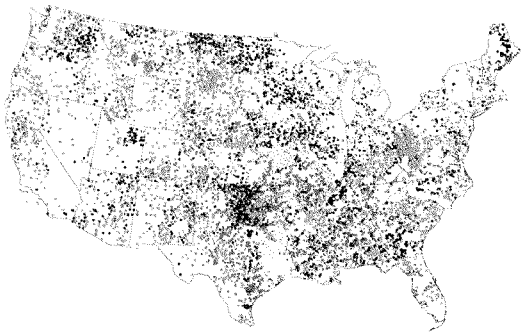
Source: NRCS 2005 ProTracts database.

data presented here are good indicators of the relative share of EQIP funding addressing particular resource concerns but overstate the absolute amount of funding dedicated to any particular resource concern.

On livestock and poultry operations, the top four resource concerns were surface water quality, grazing land health, ground water quality, and water quantity. On nonlivestock operations, the top four resource concerns were soil quality, water quantity, surface water quality, and ground water quality. Regardless of whether the EQIP contract involved livestock or not, few EQIP resources were spent on wildlife habitat, air quality, forest health, wetlands, or land quantity (land preservation) conservation.

Soil quality, water quality, and water quantity are all critical to environmental quality. Concerns about the sustainability of water supplies and aquatic resources, including habitat for at-risk aquatic species and other species associated with riparian areas and stream corridors, are growing. Breakdowns at the national level of resource concerns give a helpful indication of the overall emphasis of EQIP and of the primary environmental benefits that EQIP funds are being used to produce. The most important question, however, is whether EQIP is focused effectively at the local level to address

Figure 10: GEOGRAPHIC DISTRIBUTION OF FOUR MAJOR RESOURCE CONCERNS ADDRESSED BY EQIP CONTRACTS, 2005



Source: NRCS 2005 ProTracts database.

pressing and geographically specific environmental problems. Knowing that the lion's share of EQIP contracts are addressing water quality, for example, does not tell us whether those contracts and the practices they subsidize are focused effectively to solve problems in a local drinking water reservoir, trout stream, swimming beach, or other geographically designated water body that needs attention to improve the quality of life in the local community.

How priorities for generic and geographically diffuse resource concerns are translated into focused efforts to protect locally significant and geographically specific resources—a particular lake, stream, aquifer, or habitat type—is the most important and most difficult question to answer using data aggregated at the national level. It is also the most important opportunity to increase the performance of EQIP. Most of our recommendations for improving EQIP are related to increasing that focus.

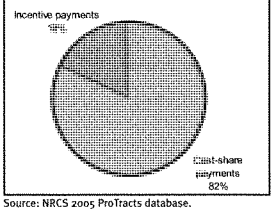
CONSERVATION PRACTICES AND SYSTEMS FUNDED

EQIP funds a great diversity of practices and systems that fall into two general categories: (1) engineered and constructed structures and (2) management-intensive activities. Engineered and constructed structures such as terraces, grassed waterways, and manure handling facilities are funded by cost-share payments. The federal government usually pays between 50% and 75% of the cost of constructing the structures; the producer pays the rest. NRCS covers the full cost of designing the structure if NRCS staff members do the work and covers 100% of the not-to-exceed-rate for services if the design work is completed by a TSP. Management-intensive, ongoing annual activities such as nutrient, pest, grazing, tillage, and irrigation water management are funded by incentive payments. Incentive payments are flat-rate per-acre payments tied to an estimate of the payment level needed to encourage adoption of a practice in a specific geographic area.

COST-SHARE PAYMENTS AND STRUCTURES DOMINATE

In 2005, 82% of funds were spent on cost share, compared to just 18% on incentive payments (Figure 11). Structures can be highly effective practices—in some cases they are the only effective and feasible solution to a conservation problem. However, they can be very costly. Evaluating cost effectiveness in selecting

Figure 11. COST-SHARE VERSUS INCENTIVE PAYMENTS, 2005



Source: NRCS 2005 ProTracts database.

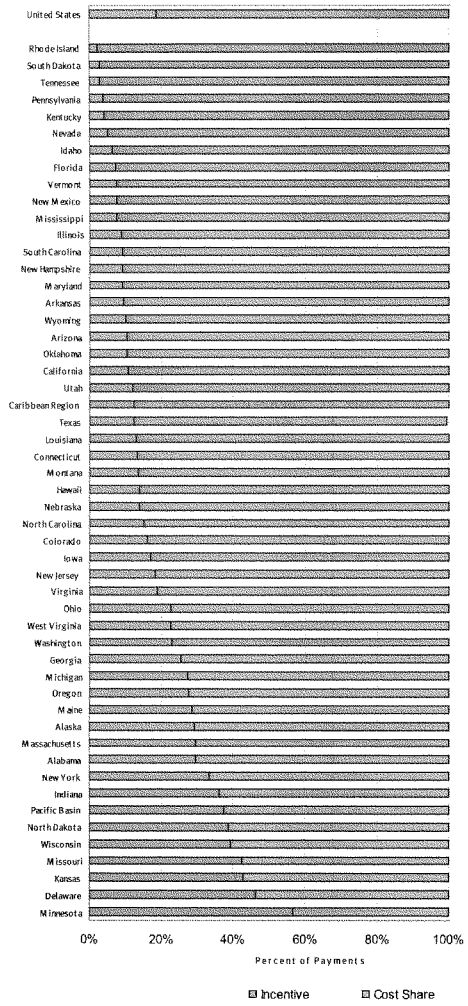
CASE STUDY: MONTANA AND COLORADO NOXIOUS WEED INITIATIVES

Noxious weeds are among the most pressing and urgent threats to the environment and agricultural viability in Montana and Colorado. In Montana, more than eight million acres are infested altering entire plant communities, reducing plant and animal diversity, reducing rangeland productivity, negatively impacting native wildlife species, increasing erosion, reducing the water holding capacity of the uplands, and decreasing the functioning ability of riparian areas and water quality. Montana estimates that spotted knapweed alone causes economic losses of more than $50 million per year.

Montana NRCS allocated $1.9 million in EQIP funds in 2005 and $2.6 million in 2006 to three counties to address noxious weeds in southwest Montana. Within the project, NRCS has established a contract length of at least six years. While six years is longer than an average land management contract under EQIP, partners decided that six years was the length of time necessary to have a lasting impact. After identifying priority areas within target watersheds, NRCS field staff will work with county weed specialists, irrigation companies, federal and state highway departments, commercial gravel pits, and others operating within the designated areas to develop a proposal to identify willing landowners, provide maps with the weed species and the extent of the infested areas, and develop a project cost estimate based on at least six-year contracts. Practices include biological control, prescribed grazing, herbicide application, and reseeding of pasture.

Colorado has identified 17 noxious weeds for eradication. In 2006, Colorado NRCS issued a call for proposals (CFP) for watershed scale projects to significantly reduce the abundance and impacts of newly emerging noxious weed species and to improve surrounding plant communities. In order to capitalize upon ongoing efforts, only CFPs were accepted from organizations or units of government with existing noxious weed programs or organized efforts to address invasive plant species. Watershed areas that can provide matching cost-share funding, technical assistance, and programs to address invasive plant control on adjacent public lands as well will receive priority for funding. Proposals must identify the noxious weed species to be controlled, location of the project area, IPM practices, project management strategy, management of adjacent lands, landowner cooperation, project budget and timeline, and partnerships.

Figure 12. STATE EMPHASIS ON COST-SHARE OR INCENTIVE PAYMENTS, 2005



Source: NRCS 2005 ProTracts database.

which structures to fund and under what circumstances is essential. It is even more important to compare the cost-effectiveness of using structures to the cost-effectiveness of annual management-intensive practices when deciding what kind of practices EQIP should subsidize. In many, if not most, cases, the effectiveness of structural practices is highly dependent on the nature and extent of ongoing management-intensive practices. The effectiveness of a manure storage facility in protecting water quality, for example, is largely determined by the effectiveness of the nutrient management and application system in place to apply and utilize the stored manure.

The balance struck between cost-share and incentive payments varied dramatically between states, suggesting there are ample opportunities to explore the relative cost-effectiveness of different combinations of structural and management intensive practices (Figure 12).

TOP TWENTY PRACTICES AND SYSTEMS

Table 7 lists the top twenty practices funded through cost-share payments in 2005. Animal waste storage facilities took the largest single share of cost-share payments—14.9% of all cost-share payments and 11.9% of all EQIP payments. The top four practices—animal waste storage facilities, fence, irrigation system (sprinkler), and brush management—accounted for 39% of cost-share payments and 31% of total EQIP payments. All other individual practices made up less than 5% of cost-share payments.

Incentive payments are concentrated on a few practices (Table 8). The top practice, nutrient management, accounts for 20% of all incentive payments (3% of all EQIP payments). The top four practices—nutrient management, no-till/strip till, pest management, and mulch till—make up 61% of all incentive payments. Those top four incentive payment practices, however, account for only 10% of all EQIP payments in 2005.

CASE STUDY: TARGETING COST-SHARE PAYMENTS TO PROTECT GROUNDWATER IN NEBRASKA

In the Central Platte Natural Resources District, NRCS is conserving and protecting ground water in all or parts of 11 counties along the Platte River. NRCS gives priority to EQIP applications to convert from gravity to sprinkler irrigation if the farm is within areas where ground water has high nitrate levels. If an application for this work does not rise to the top of the ranking, the Natural Resources District offers a separate program of $150,000 as cost-share to make these conversions possible—a partnership between federal and district resources that has proven successful and beneficial on the ground. NRCS is also collaborating with the district on technical assistance to ensure that farmers get the assistance they need to implement the irrigation conversions.

Monitoring on 100,000 acres of treated cropland reveals the effort is producing annual reductions of 93,000 pounds of triazine, 2.4 million pounds of phosphate, and 5.9 million pounds of nitrate compounds leaching into area streams and groundwater. Moreover, fossil fuel use is being reduced by 350,000 gallons and electricity use by 10 million kilowatt hours.

All of the water saved through more efficient irrigation is helping to restore groundwater supplies because the State of Nebraska and Central Platte NRD have issued a stay on irrigated land development within the boundaries of the Central Platte Natural Resources District. Moreover, NRCS does not allow for development of additional irrigated acres as part of this EQIP special project. In addition, the Central Platte Natural Resources District has a moratorium on the drilling of new wells, which prevents new groundwater uses for industry, municipalities, or other uses without some type of offset or retirement of other water use.

TABLE 7 TOP 20 COST-SHARE PRACTICES

PRACTICE	DOLLAR AMOUNT	PERCENT OF COST-SHARE PAYMENTS	PERCENT OF ALL EQIP PAYMENTS
Waste Storage Facility	$93,273,590	14.9%	11.9%
Fence	$58,278,535	9.3%	7.4%
Irrigation System, Sprinkler	$54,958,148	8.8%	7.0%
Brush Management	$36,883,317	5.9%	4.7%
Pipeline	$29,410,626	4.7%	3.7%
Irrigation Water Conveyance, Pipeline, High-Pressure, Underground, Plastic	$26,642,159	4.2%	3.4%
Irrigation System, Micro-irrigation	$26,573,189	4.2%	3.4%
Pasture and Hay Planting	$22,704,363	3.6%	2.9%
Heavy Use Area Protection	$21,994,954	3.5%	2.8%
Watering Facility	$20,400,537	3.3%	2.6%
Grade Stabilization Structure	$13,968,862	2.2%	1.8%
Water Well	$12,409,567	2.0%	1.6%
Irrigation Water Conveyance, Pipeline, Low-Pressure, Underground, Plastic	$11,931,407	1.9%	1.5%
Terrace	$10,980,677	1.8%	1.4%
Pond	$10,967,733	1.7%	1.4%
Irrigation Land Leveling	$10,798,594	1.7%	1.4%
Structure for Water Control	$10,504,746	1.7%	1.3%
Manure Transfer	$9,538,003	1.5%	1.2%
Pumping Plant	$8,609,267	1.4%	1.1%
Underground Outlet	$8,606,779	1.4%	1.1%

Source: NRCS 2005 ProTracts database.

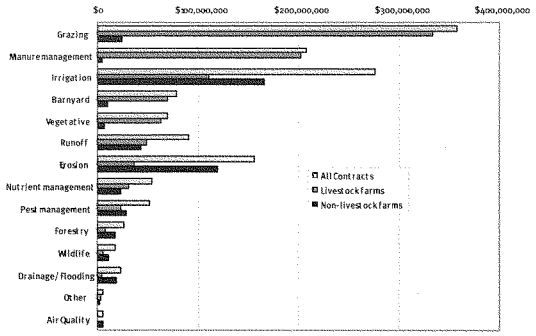
Table 8. TOP 20 INCENTIVE PRACTICES

PRACTICE	DOLLAR AMOUNT	PERCENT OF INCENTIVE PAYMENTS	PERCENT OF ALL EQIP PAYMENTS
Nutrient Management	$26,007,670.50	20.0%	3.3%
Residue Management, No-Till/Strip Till	$21,757,973.00	16.8%	2.8%
Pest Management	$16,391,058.00	12.6%	2.1%
Residue Management, Mulch Till	$14,443,712.00	11.1%	1.8%
Prescribed Grazing	$10,976,139.00	8.5%	1.4%
Conservation Crop Rotation	$8,165,120.00	6.3%	1.0%
Waste Utilization	$5,895,949.00	4.5%	0.8%
Irrigation Water Management	$5,827,852.00	4.5%	0.7%
Atmospheric Resource Quality Management	$3,725,158.00	2.9%	0.5%
Cover Crop	$3,659,803.00	2.8%	0.5%
Comprehensive Nutrient Management Plan	$3,017,866.00	2.3%	0.4%
Manure Transfer	$1,946,234.00	1.5%	0.2%
Use Exclusion	$1,369,667.00	1.1%	0.2%
Residue Management, Seasonal	$848,711.00	0.7%	0.1%
Waste Treatment Lagoon	$728,309.00	0.6%	0.1%
Forest Stand Improvement	$636,144.00	0.5%	0.1%
Prescribed Burning	$598,314.00	0.5%	0.1%
Pasture and Hay Planting	$544,658.00	0.4%	0.1%
Irrigation Land Leveling	$454,758.00	0.4%	0.1%
Feed Management	$339,168.00	0.3%	0.0%

Source: NRCS 2005 ProTracts database.

Figure 13 shows how EQIP total financial assistance funds are distributed among clusters of practices related to a particular activity. The top five clusters for all EQIP contracts were (1) grazing, (2) irrigation, (3) manure management, (4) erosion, and (5) runoff. The top five clusters for livestock contracts were (1) grazing, (2) manure management, (3) irrigation, (4) barnyards, and (5) vegetative. The top five clusters for nonlivestock contracts were (1) irrigation, (2) erosion, (3) runoff, (4) pest management, and (5) grazing.

Figure 13. EQIP EXPENDITURES BY PRACTICE CLUSTERS, 2005



Source: NRCS 2005 ProTracts database.

MAKING A GOOD PROGRAM BETTER

The most important question to ask about EQIP or any other conservation program is how effectively is the program solving problems and improving environmental quality? This is also the most difficult question to answer. Trying to analyze information that has been aggregated to the national level makes answering the question particularly difficult.

EQIP varies greatly from state to state because most of the critical decisions have been devolved to state and local levels. This is a good thing in many respects, but it makes general statements about performance questionable. Both the Soil and Water Conservation Society and Environmental Defense have reviewed state-level information about EQIP implementation to produce earlier assessments of program implementation. These assessments show that state performance varies greatly.

The data presented in this report are highly suggestive of how EQIP is performing, but the results are not conclusive. Overall, the evidence suggests that EQIP is supporting effective conservation on individual farms and ranches, but we have serious concerns about (1) the extent to which EQIP is connecting individual farms and ranches to achieve critical mass and real environmental improvement at scales that matter (watershed or habitat complex) and (2) whether the program is focusing funding on the most cost-effective solutions.

The case studies presented in sidebars in this report are impressive success stories, but they do not represent the way EQIP is being implemented in general. The case studies provide compelling anecdotal evidence that the program is performing at a high level in some cases, but the cases highlighted here, we believe, are more the exception than the rule. The case studies do, however, provide a convincing case for how large the potential benefit of EQIP could be if the innovations highlighted in the studies were applied more generally. Learning from our assessment and the case studies to make a good program better is the topic of this final section of this report.

The environmental challenges confronting agriculture are numerous, serious, and, in some cases getting worse. Detailing the compelling environmental challenges confronting agriculture is a large task. Here are a few prominent examples:

- State water quality agencies report that agriculture is the largest source of impairment in rivers and streams, affecting nearly half of stream and river miles with water quality problems.
- State water quality agencies report that agriculture is the source of more than 40% of impairments in lakes, including nutrients, siltation, and pesticides.
- Studies by scientists at the U.S. Geological Survey found that fertilizer used in agriculture and manure from livestock were estimated to account for 22% and 14% of total nitrogen and for 17% and 26% of total phosphorus that entered major river basins in the United States.
- The USDA National Resources Inventory reports that soil erosion remains above tolerable levels on 102 million acres of cropland.

CASE STUDY: MANAGEMENT INTENSIVE CONSERVATION — COLUMBUS, OHIO, DRINKING WATER SUPPLY PROJECT

The Hoover Reservoir, a major drinking water source for the city of Columbus, Ohio, has suffered from high levels of atrazine since the 1980s, periodically exceeding the health limit of 3 parts per billion (ppb). Farmers apply atrazine to their fields at planting time (usually May) to kill thistle and other weeds that reduce yields. Spring rains carry the chemical into the Hoover Reservoir.

Ohio NRCS partnered with the Upper Big Walnut Water Quality Partnership (an all volunteer group of local farmers) and the Delaware County Soil and Water Conservation District to leverage EQIP to reduce the amount of atrazine delivered to the reservoir. Launched in 1999, the special EQIP project financially rewarded participating farmers for reducing atrazine application on fields enrolled in the program. The special EQIP project provided financial and technical assistance to farmers to implement pest management, nutrient management, and conservation tillage practices to help farmers reduce atrizine use while maintaining or improving soil and water quality through conservation tillage.

By 2005, farmers had enrolled 30,889 acres in the program obligating $1.2 million of EQIP funds. In 2003, Ohio NRCS expanded the program, opening it up to farmers in parts of the Scioto, Oletangy, and Alum Creek watersheds. Average measured levels of atrazine in the reservoir dropped substantially as a result of the project, and Columbus has saved $3.1 million in water treatment costs for activated carbon. Before the project, average atrazine levels spiked in the reservoir in July at more than 4 ppb, and after the project the average in July was about 2 ppb, below the health limit. Average atrazine levels were lower in every month after the project than before, with the exception of April when the averages were the same — less than 0.5 ppb. With NRCS investing $1.2 million and Columbus saving $3.1 million, the return comes out to be $2.58 for every dollar invested in farmer conservation efforts through the project.

- Of the 663 species listed as threatened or endangered under the Endangered Species Act, 412 are listed, at least in part, due to agricultural development, grazing, and use of agricultural chemicals.
- Invasive weeds have quadrupled their range from 1985 to 1995—currently invasive grasses moderately to heavily infest 100 million acres.

The environmental challenges agriculture faces are so broad because agriculture controls most of the nation's landscape. Cropland, pasture, and rangeland make up half of the U.S. land area. Adding private forest land brings the total to over 80%. That agriculture faces a compelling environmental challenge should not surprise us; in most of the United States, agriculture is the environment.

The good news is that the same factors that make agriculture a potential force for environmental degradation also make agriculture a potential force for environmental enhancement. Agriculture offers the opportunity not only to stop significant amounts of soil, water, and air degradation, but to go far beyond basic levels of environmental quality by actively restoring agricultural landscapes, turning a potential source of impairment into a source of environmental goods and services.

EQIP must be harnessed as a primary tool to ensure agriculture realizes its potential as a source of environmental goods and services. To seize that opportunity, we must ensure EQIP is as effective and efficient a tool as possible—a tool that produces the results taxpayers expect and producers need. The most important opportunities to make a good program better are as follows:

1. Improve the criteria used to select program participants.
2. Ensure fund allocations are based on environmental need and performance.
3. Place more emphasis on incentive payments and management intensive conservation systems.
4. Place more emphasis on producers working together in cooperative projects.
5. Increase funding.

More funding is critical to realize the promise of EQIP, but money alone is not enough. Important improvements in how the program operates must come hand-in-hand with new money.

SELECTING PARTICIPANTS

The criteria used by states and localities to select EQIP participants from among a pool of potential participants has the most direct influence on the ultimate environmental performance of the program. NRCS staff at national, state, and local levels, as well as members of state technical committees, have invested a great deal of effort, expertise, and time developing application ranking systems to select which producers will receive assistance under EQIP. The effort to develop those systems is already paying off in better selection decisions at local and state levels. We applaud NRCS for making such a concerted effort; we also think there are important opportunities to improve on the work that has already been done.

COST EFFECTIVENESS

Comparing the anticipated environmental benefits to the estimated cost of an EQIP application when selecting participants is critical to ensuring taxpayers' and producers' investment in conservation pays off. The importance of evaluating cost effectiveness is recognized both in the 2002 farm bill and in the EQIP final manual, the document that guides implementation of the EQIP program from the national level down to county district offices. These documents make clear that cost effectiveness of practices and projects should be a central factor in implementation of the EQIP program at all stages.

Failure to properly evaluate cost-effectiveness creates a system that rewards applicants for quantity regardless of quality. For example, if cost is not effectively incorporated into ranking, one applicant can out-score another by promising to do more, even if the added practices are an inefficient way to produce environmental benefits or are only marginally related to local conservation objectives and priorities.

Properly evaluating cost-effectiveness not only improves performance but also helps to create a truly size-neutral program. Cost effectiveness creates a level playing field for small and large producers—each application will be evaluated and ranked based on how well that proposed contract will use the dollars for the environmental benefit to be achieved.

There are two basic methods for incorporating cost effectiveness as a factor in ranking EQIP applicants. One method uses cost effectiveness as an additive factor. Points are simply added to an applicant's overall score. Alternately, cost effectiveness can be calculated as a simple ratio of the applicant's total environmental points over its total cost.

Unfortunately, according to assessments conducted by Environmental Defense in 2003 and 2004, the track record by NRCS at the state level on incorporating cost effectiveness as a primary ranking factor is poor (Searchinger and Friedman 2003; Friedman and Heimlich 2004). While a number of states award bonus points based on cost effectiveness or make cost effectiveness a tie-breaker, only seven states use cost-effectiveness as the integrating factor to compare applications on a comparable and consistent basis. These states— Michigan, New York, California, New Hampshire, Arkansas, Maine, and Rhode Island—emphasize cost-effectiveness (1) by dividing the sum of all environmental points by the total

estimated cost of the contract to calculate the final ranking score used to select successful applications or (2) by heavily weighting the cost-effectiveness factor. The remaining 43 states only minimally evaluated cost-effectiveness or failed to include cost effectiveness as a factor at all.

Incorporating cost-effectiveness by giving more points to practices identified as cost-effective is a much less effective approach. Giving more points to cost-effective practices would, in the end, encourage applicants to sign up to do more in order to rank higher (thereby encouraging larger, and in many cases more expensive, plans that are not necessarily more cost-effective) and would fail to incorporate into the cost-effectiveness determination key factors such as location, innovation, collaboration, or other important nonpractice considerations.

Including cost-effectiveness as an additive factor is also not an effective approach. For example, if an applicant receives 25 points for cost-effectiveness, it still makes sense to add practices that lower the cost-effectiveness of his or her proposal to 10 points, if doing so increases other benefit categories by more than 15 points.

Unfortunately, NRCS has decided to use the additive approach to incorporate cost-effectiveness into its new national ranking tool. The ranking tool has four categories—cost efficiency, national priorities, state priorities, and local priorities. Within each category, with the exception of national priorities, states input into the tool their own list of yes-no questions. These four categories are added together for the final ranking score. States set the points per category and the percentage weight given to each category. This approach has all the disadvantages described above and means that states can give the cost effectiveness factor far fewer total points than other categories.

The most effective means of evaluating cost-effectiveness is also the simplest and most straightforward—dividing an application's total environmental points by its estimated total costs and using that ratio (or that ratio multiplied by 100) to select from among the pool of EQIP applications. The national ranking rool must be revised to adopt this approach to evaluating the cost-effectiveness of EQIP applications. If not, a critical opportunity to improve the performance and simplify the administration of EQIP will be lost.

In many ways, cost effectiveness can simplify the challenging decisions involved in spending EQIP funds and selecting participants. Deciding between the huge variety of conservation practice and system options farmers and ranchers can use to achieve environmental objectives is a difficult task. Evaluating cost-effectiveness is a way to compare applications on a consistent basis and to dramatically improve the environmental performance of EQIP.

The higher cap on EQIP contracts overall and the significant amount of EQIP funds being directed at potentially expensive structural practices make prioritizing potential contracts based on their cost effectiveness even more important. Cost-effective does not mean low cost, and the lowest cost contract is not necessarily the most effective. Cost-effective does mean getting the most benefit from each dollar spent. If cost-effectiveness is the final judge of whether a participant is selected, then EQIP funds will be well spent, regardless of whether it is a contract that costs $10,000 or $300,000. Spending significant amounts of money on a large contract whose cost-effectiveness has not been determined is a dangerous path to follow, especially given the limited pool of EQIP funds.

QUALITY OVER QUANTITY

EQIP can help producers implement a wide variety of practices to address a multitude of resource concerns. This increases the flexibility of the program but also creates the danger that EQIP may reward the quantity of conservation effort more than the quality of that effort. In many, if not most, cases, the quality of the conservation effort—that is, the intensity and comprehensiveness with which a resource concern is addressed—is more important to environmental quality than the number of resource concerns addressed. EQIP should

NATIONAL RANKING TOOL—A MISSED OPPORTUNITY?

In 2005, NRCS recognized the need to address widespread inconsistencies in how EQIP was being implemented across the nation. The agency faced a startling array of approaches, methodologies, and even terminologies used by states.

NRCS decided to develop a national ranking tool for use by all 50 states. NRCS stated that this ranking tool would be automated, consistent with the EQIP rule, and flexible to individual state goals and needs. NRCS assembled a team of state-level NRCS EQIP managers, who gathered input from field staff, state technical committees, local work groups, and other external groups to develop a ranking tool that would "improve the consistency, effectiveness, and efficiency of EQIP delivery nationwide." NRCS piloted the tool in 12 states in the summer of 2005, followed by nationwide use in the FY06 EQIP program year.

NRCS has been very vocal in their desire for input to improve the evolving ranking tool, for which we commend the agency. Revisions to the tool will be needed on an ongoing basis to achieve its full potential. Three critical improvements are needed immediately: (1) to make cost-effectiveness—the ratio of benefits to costs—the ultimate arbiter of which applications should be selected for funding, (2) to make it easier for states to encourage and reward higher levels of improvement (which is not facilitated by a structure that forces yes-no questions that do not take into account degree of implementation or improvement), and (3) to do a better job of encouraging states to rank by resource of concern, most importantly by making it very easy within the ranking tool for states to do so.

put more emphasis on the quality of conservation supported by comparing apples to apples when selecting participants and by rewarding higher levels of performance within broadly defined conservation practices.

Compare Apples to Apples

Many states rank diverse applications against each other, requiring difficult "apples and oranges" comparisons (Searchinger and Friedman 2003; Friedman and Heimlich 2004). It is very difficult to compare an application proposing to implement a rotational grazing system with an application proposing to apply integrated pest management, or to compare an application proposing to protect at-risk species habitat with an application proposing to construct a manure management facility. Applications proposed to address the same resource concern should be compared to each other and those applications that most effectively and efficiently address that resource concern should be selected. State and local offices could better accomplish their conservation goals by first allocating funds to different resources of concern and then using different ranking systems specifically designed to compare the relative effectiveness of potential EQIP contracts in addressing each individual resource concern.

According to a review of NRCS state EQIP websites conducted by Environmental Defense in 2006, only 21 states ranked different resource concerns solely against each other using such independent ranking schemes. Only one state evaluated how well an application addressed all resource challenges of the entire contract area to the quality criteria level.

Resource- and priority-specific ranking sheets are not only easier to develop, but also enable a state or district to define and address the most important issues in that state or district. Developing an effective system that ranks applications addressing different priorities, objectives, or concerns on a single ranking sheet is very complicated. The point system must be perfectly calibrated to avoid comparing apples to oranges, a nearly impossible task. In contrast, developing an effective ranking system for a single resource concern is much simpler because it does not require comparing applications proposing to address different objectives, priorities, or concerns.

By developing resource-specific ranking sheets and specifically allocating funds to address priority resource concerns at the beginning of the selection process, states and districts should find it much easier to address their priority resource concerns.

Reward Higher Levels of Performance

Ranking systems typically do not reward higher levels of anticipated performance within broadly defined practice standards such as nutrient, pest, irrigation, or grazing management. If they did, ranking systems would encourage more conservation, be more equitable to those farmers already implementing good practices, and be more open to innovation.

According to a review of NRCS state EQIP websites completed by Environmental Defense in 2006, 31 states rewarded higher levels of performance to some degree, while 18 of the remaining 20 gave the same points regardless of how extensive problems are or how effective the solutions. A few states did, however, consistently recognize and reward higher levels of performance in their ranking systems. California, Connecticut, New York, Rhode Island, and Massachusetts systematically award points based on the difference between existing conditions and planned outcome through their ranking systems. Many states take into account the extent of the problem to be addressed, but far fewer provide points based on how much of the problem the proposed plan addresses.

In order to reward higher levels of performance, NRCS should set a minimum non-degradation standard of performance that must be met by the end of the contract period for the resource concerns that are the state priorities. The determination of what the plan is accomplishing should consider the contribution of existing practices in combination with the new practices planned under the EQIP contract.

Beyond meeting a nondegradation standard of performance, awarding more points for higher levels of performance has several benefits. First, the program's environmental benefits will increase by selecting participants proposing to accomplish more. Second, it encourages innovation and therefore the development of agricultural techniques that achieve greater environmental benefits at lower cost. Finally, it is more equitable to farmers who have already improved their level of performance by giving them access to funds to do even better. NRCS should consider introducing some of the innovation piloted in CSP, such as the use of indices of resource condition or of management intensity, as a way to award more points for higher levels of performance in EQIP.

FUND ALLOCATION

The criteria and methods used to allocate EQIP funds to states can have a profound effect on the environmental performance of the program.

STATE ALLOCATION FORMULA

NRCS uses a formula based on 31 factors, each with its own factor weight, to allocate EQIP funding to states. The factors in that formula influence the ultimate environmental performance of EQIP. If those factors direct EQIP funding to where it is needed most and can do the most good, performance goes up. If the formula is based on factors that are not closely tied to need or potential, then performance goes down.

A recent report from the Government Accountability Office (GAO 06-969, September 2006) concluded that "NRCS's funding process is not clearly linked to EQIP's purpose of optimizing

Table 9. CONSERVATION OBJECTIVES, PRIORITY RESOURCE CONCERNS AND SPECIAL ISSUES USED TO RANK EQIP APPLICATIONS IN 2006

STATE	OBJECTIVES, CONCERNS, AND SPECIAL ISSUES
California	CAFO; air quality – air smoke reduction; air quality – conservation tillage; air quality – internal combustion engine repower; air quality – agricultural pump engine component – emission reduction; air quality – dust control on unpaved roads; air quality – grape stake disposal; Ground and surface water quality – statewide; ground and surface water quality – Klamath Basin
Colorado	Forests; livestock waste; riparian areas; water quality; wildlife; grassland invasive plants
Delaware	Agricultural waste management; Integrated crop management; irrigation water management; erosion control; grazing land management; biodiversity; poultry house windbreaks; long-term no-till pilot; poultry litter amendments pilot
Florida	Water quality – CAFO; ground and surface water; restoration of native rangelands to benefit wildlife and range resources (goal to improve bobwhite quail habitat on 54,000 acres of rangeland); irrigation system retrofit to increase irrigation efficiency; small farmer initiative; Suwannee Watershed; invasive species
Indiana	Air quality – objectionable odors; forestland health – plant condition; grazing land health – plant condition, noxious weeds, domestic animals/inadequate water supply; sedimentation of federal reservoirs; soil quality – organic mater depletion; water quality – excessive organics in ground and surface water – concentrated, non-confined animals; water quality – excessive organics in ground and surface waters – confined animal waste; water quality – nutrients and/or pesticides in ground and surface waters; excessive suspended sediment and turbidity; water quantity – inefficient water use on irrigated land; aquifer overdraft
Maryland	Livestock-related agriculture (animal waste management, grazing land management, and poultry house windbreaks); biodiversity and forest management; erosion control and crop management; irrigation water management; development of comprehensive nutrient management plans (CNMP); prescribed grazing plans; forest management (stewardship) plans; cover crop early planting; conservation crop rotation and no-till agriculture to improve soil quality pilot in the five southern Maryland counties (Anne Arundel, Calvert, Charles, Prince George's, and St. Mary's)
Michigan	Threatened, endangered, or special concern species systems; comprehensive nutrient management plan systems; integrated wildlife management systems; riparian corridor management systems; groundwater resource protection systems; air quality protection systems; Integrated cropping management systems; animal production systems; forestry systems; invasive species plant control systems
Mississippi	Water quality – sedimentation; water quality – animal waste; water quantity; sustainable forestry; grazing lands
Montana	AFO/CAFO; tribal lands; ground and surface water; series of special initiatives, including soil quality improvement, noxious weed management, arctic grayling protection, and special initiatives for other species of concern
Nevada	AFO/CAFO; pest management; sagegrouse and species of concern; Carson River watershed; water quantity and quality in Churchill; grazing land health/range/pasture in Elko/Eureka grazing land; irrigated cropland in Elko/Eureka; water quantity and quality in Humboldt; grazing land health/range/pasture in Lander; water quantity in Pershing; energy, water quantity, grazing land health in south central Nevada; water quantity and quality in Walker River Watershed; water quantity and grazing land health on tribal lands; grazing land health in Washoe County
New Hampshire	Farmstead environmental concerns; water conservation; grazing land environmental concerns; cropland environmental concerns; forestland environmental concerns
New Mexico	Animal feeding operations; dry cropland; irrigated cropland; grazing land (two ranking sheets/funding pools – alt. 1 & 2); wildlife; windbreak; woodland; federal lands
Pennsylvania	Livestock/poultry; grazing lands; cropland; no-till; air quality; nutrient use efficiency special project
Rhode Island	Water quality – land based livestock; water quality – non livestock; water quality – water based livestock; plant productivity – deer damage; plant productivity – forestry; plant productivity/wildlife on tribal lands; water quantity
Tennessee	AFO/CAFO; water and air quality; erosion and sedimentation – cropland; Invasive species – kudzu; habitat conservation for at risk grassland species; habitat conservation for at risk aquatic species; county specific concerns
Texas	Water quantity – brush management; water quantity – irrigation; AFO/CAFO; wildlife – panhandle lesser prairie chicken/black tailed prairie dog; wildlife – southern Texas bobwhite quail/Attwater's prairie chicken; wildlife – longleaf pine/bobwhite quail/red cockaded woodpecker; wildlife – rolling plains grassland bird/quail; invasive species – Chinese tallow; invasive species – salt cedar; water quality – south central Texas; plant condition – reforestation; limited resource farmer or rancher; county level general ranking
Utah	Water quality – animal waste; watershed protection; wildlife habitat improvement; ground and surface water; Colorado River salinity; tribal lands; Spanish Fork River watershed; Thistle Creek sub-watershed
Virginia	Grazing lands (issues related to grazing livestock); cropland concerns (cropland erosion, nutrient management and high residue cropping systems); Irrigation pilot (to encourage the proper use of irrigation water on cropland); animal waste (animal waste storage facilities and the proper use of animal manures); poultry litter pilot (proper application of poultry litter on suitable agricultural lands in an environmentally responsible manner and to promote management practices to end users to apply poultry litter according to guidelines in certified nutrient management plans); forestry concerns (establishment of hardwoods and the stabilization of logging roads, skid trails and landings)
Wyoming	Water quality associated with livestock waste management – statewide; drought mitigation to address prescribed grazing management – statewide; wildlife habitat conservation – to fund applications that specifically address wildlife habitat needs; general county level ranking

Source: NRCS state office websites.

CASE STUDY: IDAHO SPECIES OF CONCERN SPECIAL EQIP PROJECT

Idaho NRCS partnered with key wildlife conservation agencies in the state—the U.S. Fish and Wildlife Agency, Idaho Department of Fish and Game, Idaho Office of Species Conservation, and NOAA Fisheries to use EQIP to develop a target list of species and to work with farmers to implement beneficial practices. In 2004, Idaho NRCS set aside $500,000 for this special EQIP initiative, and in 2005 and 2006 increased that set aside to $1 million each year.

The partner agencies involved in the special EQIP project play a critical ongoing role in the implementation of the project. Applicants must contact and work with the agency involved in monitoring the species of concern in that particular project. This approach enables NRCS to not only leverage the expertise of partners in the state, but to ensure that issues related to biological assessment are addressed from the start and that practices and plans to improve the habitat of the target species will have a real impact on the ground. NRCS worked with the partners to develop a target list of practices emphasizing those practices that will deliver the greatest benefit and keep the project focused on priority species. Sensitive species include Snake River snails, bull and cutthroat trout, salmon, sage grouse, Columbian sharp-tail grouse, mountain quail, and several other vertebrates and rare plants. Conservation practices that help protect species of concern include native plantings, prescribed grazing, pest management, and water control structures.

environmental benefits; as such, NRCS may not be directing EQIP funds to states with the most significant environmental concerns arising from agricultural production." GAO reported several concerns about the allocation formula used to direct EQIP funds to states including lack of documented rationale to justify the factors and factor weights used in the formula and outdated and questionable data used as factors. The GAO indicated that even small changes in the value of or weights assigned to factors could make big changes in how funds are allocated.

An exhaustive review of the GAO findings and/or of the EQIP allocation formula is beyond the scope of this report. However, we strongly recommend that, as NRCS revisits the allocation formula in response to the GAO report, the agency revise the formula to heavily weight factors that are closely tied to the extent and magnitude of environmental challenges and opportunities in each state. Factors tied to the extent and magnitude of established national priorities should be weighted most heavily.

HOLD-BACK PROVISIONS

In the final rule implementing the changes to EQIP made by the 2002 farm bill, NRCS established a "performance incentive" to reward those states that did the best job of implementing the program with additional EQIP funds. According to the final rule, the factors NRCS considers in making these awards are the following:

Table 10: APPROACHES USED BY STATES IN 2006 TO REWARD HIGHER LEVELS OF PERFORMANCE.

STATE	APPROACH
California	Ranking points are generally divided into three levels of achievement throughout the ranking system, with the three levels corresponding to three levels of points
Connecticut	Ranking points based on "net gain" which is computed by subtracting "benchmark condition" points from "after installation" points
Delaware	Multilevel standards, incentives, and ranking for pest management, nutrient management, and residue management
Georgia	Ranking is often divided into three or four levels with increasing points for each ranking consideration (i.e. non cropped areas receiving irrigation water – 10 pts for eliminating 5 acres, 15 points for eliminating up to 10 acres, 25 points for eliminating more than 10 acres)
Massachusetts	Ranking points based on "net gain" which is computed by subtracting "benchmark condition" points from "desired outcome" points
Maryland	Multilevel standards, incentives, and ranking for pest and nutrient management
New York	Ranking points are determined by the degree of improvement, as defined by the difference between existing environmental condition and planned condition, to produce the net environmental score
Ohio	Within a special project in the Western Lake Erie Basin, the ranking system is divided into three levels, which require progressively more advanced levels of management within residue, nutrient, manure, grazing, and pest management as well as some other practices
Pennsylvania	Within a special project in Lancaster and Chester Counties, the ranking system rewards farmers for implementing advanced nutrient management. This advanced nutrient management option will soon be offered statewide
Rhode Island	Ranking points based on "net gain" which is computed by subtracting "benchmark condition" points from "after installation" points
Virginia	Multilevel standard, incentives, and ranking for nutrient management

Source: NRCS state office websites.

- Whether and to what extent states are strategically planning EQIP implementation.
- Whether and to what extent states are effectively addressing national priorities and measures and state and local resource concerns.
- The effectiveness of program delivery.
- The use of technical service providers.
- The number of contracts with limited resource producers and beginning farmers.

Performance incentive awards are made each year from a reserve established by NRCS at the national level when funds are made available for EQIP. In fiscal year 2004, $12 million was held back for these awards, $22 million in fiscal year 2005, and $38.5 million in fiscal year 2006.

In fiscal year 2006, NRCS used the following as performance incentive factors for EQIP:

1. Livestock Related Contracts–CNMP Workload includes a ratio between the number of contracts with CNMP practices to number of farms needing a CNMP (15% weight).
2. Cost Share Obligations versus Payments compares the dollars obligated in FY 2004 and 2005 by state to the dollars paid out by state (15% weight).
3. Financial and Technical Assistance–TA/FA Ratio compares technical assistance recorded for EQIP to the dollars obligated by state for FY 2004 (25% weight).
4. TSP Obligations and Disbursements includes a ratio of technical service provider dollars obligated in FY 2004 and 2005 with disbursements by state (15% weight).
5. Limited Resource Farmers is the percent of contracts in FY 2004 and 2005 that were with limited resource farmers by state (10% weight).
6. Weighted Cost Share Percentage uses FY 2004 and 2005 data developed an average cost share rate by state (10% weight).
7. EQIP National Priorities includes a ratio between the acres treated from conservation practices that address the four national priorities—nonpoint pollution, air quality, soil erosion, and wildlife—to the total agricultural resource base (10% weight).

NRCS is on the right track in providing incentives to states to do a better job of implementing conservation programs. It is critical that the right criteria be used for determining which states receive these awards, however. We recommend holding back as much as 20% of total program funds each fiscal year to be reserved to make additional awards to high-performing states. The criteria for determining which states receive awards from these reserved funds should include the following:

1. The state uses a system for ranking applications for funding that rewards cost-effectiveness, rewards higher levels of performance within practices, systems and approaches, and avoids apples-to-oranges comparisons by ranking applications separately according to whatever resource of concern they propose to address.
2. The state encourages and rewards innovation and demonstration of new or improved conservation practices, technologies and approaches, and also moves quickly to make those

CASE STUDY: REWARDING LEVELS OF PERFORMANCE

In Maryland, NRCS has adopted and implemented multi-level ranking sheets for nutrient management and pest management. Producers receive additional points for agreeing, in their EQIP application, to implement advanced practices beyond the basic 590 Nutrient Management Plan requirements. There are three tiers—basic nutrient management (which includes one additional advanced practice beyond standard 590), precision nutrient management, and decision nutrient management. The incentive payment per acre increases as a farmer moves up the tiers, from $3 to $12/acre. For pest management, Maryland NRCS has a ranking sheet that has two tiers—implementing a pest management plan ($6 to $12/acre) and advanced pest management in which a farmer uses beneficial insects, genetically modified crops, site-specific spray technology, GPS precision sprayer, the latest sprayer technology to reduce drift and rate, and/or a chemical induction sprayer (up to $15/acre).

In Delaware, NRCS has been implementing multi-level standards for nutrient management, residue management, pest management, and integrated crop management systems. The nutrient management ranking has four tiers, with incentive payments ranging from $3/acre to $12/acre. Each tier requires and rewards more advanced levels of nutrient management, such as precision soil sampling, split nitrogen applications, incorporation of manure, cover crops, urease inhibitors, slow-release or controlled-release fertilizer, GPS variable rate planting and variable rate inputs, and yield monitors. The residue management ranking has two tiers, with the higher tier requiring and rewarding producers for not removing residue, having a higher STIR value, implementing winter cover crops, and a five-year contract length, with an incentive of $40/acre. The pest management ranking includes two tiers, with the higher level requiring more advanced pest management practices. In addition, eligible producers must be following Tier II Nutrient Management and be implementing a WinPST plan. Incentive payments range from $6 to $15/acre. Delaware NRCS's integrated crop management systems ranking encourages and rewards producers who combine advanced levels of nutrient management, pest management, and/or residue management.

innovative practices, technologies, and approaches that have proved effective more broadly eligible for cost-share and incentive payments under EQIP.

3. The state dedicates a significant percentage of its annual EQIP allocation to multi-producer cooperative projects.

4. The state demonstrates effective and efficient program delivery, including effective outreach and the provision of adequate technical assistance to all program participants through appropriate staffing and through cooperation with other federal, state, tribal, and local agencies, for-profit and nonprofit organizations, and individuals with demonstrated expertise in the planning and implementation of conservation practices, systems and approaches.

5. The state provides additional outreach, education and technical assistance to beginning and limited resource producers.

6. The state works with other federal agencies, state and local governments, educational institutions, and nonprofit organizations to monitor and evaluate environmental benefits produced by practices, systems and approaches implemented through conservation programs.

ENCOURAGING MANAGEMENT-INTENSIVE CONSERVATION

States vary greatly in the emphasis placed on incentive payments for management-intensive practices, but overall EQIP is heavily weighted toward structural practices. Of the $786 million NRCS spent on practices in EQIP in contracts signed in 2005, just 18% was spent on incentive payments nationally. Some states spent as much as 90% of their EQIP funds on cost share payments.

We recognize the importance of structural practices and understand they are an important component of EQIP. However, we strongly recommend that NRCS (1) place greater emphasis on management-intensive practices—particularly advanced levels of such practices, and (2) scale incentive payments according to levels of performance within broadly defined conservation practices. We believe that there would be significant benefits if NRCS placed greater emphasis on incentive payments in EQIP and if incentive payments were graduated to performance. Incentive payments are important because they are the most effective and flexible way to encourage producers to try new management practices or improve their management level, especially if graduated to degree of improvement or level of performance. For example, a number of states, including Maryland, Delaware, Virginia, Pennsylvania, and Ohio, have developed and implemented multi-leveled incentive payments and standards for nutrient management, pest management, and residue management. The advanced management practices being implemented as a result can have very significant impacts on water quality and other key natural resources.

NRCS is taking steps to increase emphasis on supporting management-intensive practices through incentive payments. Producers, for example, are now able to receive all of the annual incentive payments in a single, upfront payment. NRCS hopes such upfront payments will facilitate equipment changes needed to implement improved management and also to help reduce administrative costs. We applaud NRCS for taking such steps and encourage the agency to seek all available opportunities under existing authorities to increase emphasis on incentive payments and management-intensive practices.

One major opportunity to enhance performance is to graduate incentive payments to reward higher levels of performance of management-intensive practices. Setting incentive payments as a "flat-rate" based on 100% of "cost" fails to recognize the wide range of performance possible within these knowledge-based systems. Higher levels of performance, however, contribute much more to making real progress towards clean water, healthy soils, clean air, wildlife habitat, and sufficient water quantity. A single flat rate misses an important opportunity to encourage and reward farmers and ranchers for achieving more than the minimum requirements set in the practice standards. Scaling incentive payments to performance, coupled with greater emphasis on incentive payments compared to structural practices would improve the environmental performance of EQIP.

EQIP, producers, and natural resources would also benefit from the introduction into EQIP of a continuous sign-up for selected management-intensive practices that are the most cost-effective means of achieving results in a particular location.

COOPERATION, COLLABORATION, AND CRITICAL MASS

Tangible improvements in environmental quality are only achieved when a critical number of producers within a particular geographic area implement and maintain key conservation practices and systems that will, in the aggregate, produce the environmental benefits taxpayers expect and agriculture needs. Moreover, research clearly demonstrates that not all land is created equal when it comes to potential for pollution or environmental enhancement. "Hydrologically sensitive areas," for example, may contribute as much of 80% of the pollution to a stream but make up only 20% of the agricultural land in the watershed. Well-directed and coordinated conservation efforts addressing that most important 20% of the landscape will result in much faster

progress at much lower cost. Poorly directed and coordinated efforts that are scattered across the landscape addressing a plethora of individual concerns will produce very few results, even if every one of those scattered farms and ranches is a conservation award winner.

The practical, political, and scientific case for focusing conservation effort on groups of landowners and neighbors working together to get the right practices, in the right places, at the right scale, and at the right time is irrefutable. Most recently the case has been made in the White House Conference on Cooperative Conservation held in St. Louis, Missouri, August 29–31, 2005, a special series of research reports in the *Journal of Soil and Water Conservation* published in the November/December 2005 issue, an exhaustive review of the scientific literature documenting the environmental benefits of conservation practices (Schnepf and Cox 2006), and in the Managing Agricultural Landscapes for Environmental Quality workshop organized by the Soil and Water Conservation Society and held in October 2006. Many of the case studies presented in the report also make a compelling case for greater cooperation, coordination, and collaboration among producers in local, place-based projects.

Two steps should be taken to encourage more coordination, cooperation, and collaboration in the implementation of EQIP:

1. Improve the way location is evaluated in EQIP ranking systems and rewarded in payments.

2. Direct more EQIP funds through local, placed-based cooperative conservation projects.

LOCATION, LOCATION, LOCATION

Where practices are implemented is as important as what practices are implemented; it is critical that practices be implemented where those practices will deliver the greatest environmental benefit(s). For example, encouraging a producer to adopt erosion control practices on that part of the farm that delivers most of the sediment to a lake or stream will increase the environmental benefits of those practices. Similarly, all farms should store and apply their manure appropriately, but the environmental benefits of good manure management will be much greater on farms with the greatest potential to deliver nutrients to a drinking water reservoir, recreational lake, or a vulnerable aquifer.

Assessments conducted by Environmental Defense in 2003 and 2004 found that NRCS state offices had taken important steps to include location factors in the ranking systems they use to select EQIP participants. Thirty-six were using location bonuses appropriately—awarding points to applications and practices that address that specific location's specific source of concern or importance.

The ranking tool in development by NRCS offers an important opportunity to ensure that location is incorporated in productive ways into the selection of EQIP participants. Location factors for each state or county will vary, and the ranking tool must be adaptable to such local considerations. The ranking tool should, however, provide states with guidelines on how to use location in ranking. Location can be incorporated into the cost-effectiveness evaluation or included separately as a multiplier. In all cases, location points should only be awarded where the practices to be implemented will directly benefit the geogtaphically-specific resource that needs protection.

COOPERATIVE CONSERVATION

The case studies in this report and the research cited above demonstrate that measurable environmental benefits are only produced where landowners and communities work together in coordinated, cooperative projects to achieve results important to both landowners and their neighbors. Such locally driven projects are the best means to target effort where it is most needed and where the payoff from that effort is greatest.

NRCS should encourage states to develop EQIP special projects aimed at addressing high-priority issues in specific locations. For example, a special project that focuses resources on helping producers adopt advanced nutrient management and sediment control practices on critical areas within the watershed of a high-value lake, stream, or reservoir will have much greater impact on water quality. Similarly, efforts to address threats to at-risk species will be more effective if coordinated through special projects focused on a specific species or group of species and the specific habitat on which they depend. Special projects have the added advantage of facilitating collaboration among groups of producers. Working together, producers can often undertake tasks that cannot be done by an individual producer working in isolation.

The 2002 farm bill included an innovative section called Partnerships and Cooperation that was intended to facilitate and encourage such projects. The section, partially implemented as the Conservation Partnership Initiative (CPI), is only realizing a small part of the practical and political opportunity afforded by directing more EQIP funds to place-based, cooperative conservation projects.

The Partnerships and Cooperation section of the 2002 farm bill should be revised and strengthened, and a significant percentage of EQIP funds should be allocated to support such projects.

The use of conservation priority areas prior to 2002 did focus most of EQIP dollars on smaller geographic units, but also caused frustration on the part of producers outside of those priority areas where less or no EQIP funding was available. The elimination of conservation priority areas since 2002, however, has taken away an important tool that could have been used much more effectively to ensure taxpayers' investments in

EQIP produce tangible improvements in environmental quality. The large increase in funding after 2002 could and should have been used to create a more balanced program. EQIP, currently funded at over $1 billion annually, can and should accommodate a large number of locally driven, multi-producer cooperative projects focused on smaller geographic units where measurable results can be achieved more quickly. Allocating one-third of current EQIP funding to such cooperative conservation projects, for example, would leave nearly $700 billion dollars to fund a base program in every county in the United States—a base program far larger than we have had in the past two decades. Most important, such a balanced program would more effectively and efficiently produce the environmental benefits taxpayers expect and agriculture needs.

The marked increase in EQIP funding we recommend in this report will make such a balanced program even more effective.

INCREASE FUNDING

The reforms recommended above are essential to ensuring EQIP produces the environmental benefits taxpayers want and producers need. But doing more with less will not solve agriculture's environmental challenges. Those challenges are diverse, compelling, and in some cases are getting worse, as described earlier in this section. The waiting list of producers willing to invest some of their own money to participate in EQIP is testimony to the current funding shortfall.

Congress must increase funding for EQIP hand-in-hand with making the reforms in program performance we have recommended. Indeed, making the recommended reforms in performance should increase the confidence of taxpayers that they will be getting what they are paying for when they invest more in EQIP in the future.

Congress should fund EQIP at $2 billion annually in the 2007 farm bill. This level of funding is needed to keep the promises made in the 2002 bill and to make targeted investments in key components of EQIP. The 2002 farm bill mandated that EQIP grow to $1.3 billion annually but has been stalled at just over $1 billion. The first installment of the $2.0 billion funding level should be provided to keep that promise.

But Congress needs to do more if we are to have the tools needed to address agriculture's environmental challenges. Much of the new funding should be invested to support cooperative conservation projects and to provide incentives for collaboration among EQIP participants. Finally, $100 million annually should be provided to support conservation innovation grants designed to accelerate the rate at which innovative farming systems and conservation technology are adopted by producers.

EQIP has emerged as the centerpiece of conservation on working farms and ranches. The reforms and funding we recommend will make EQIP an even more effective tool for conservation and environmental management.

However, EQIP alone cannot meet the environmental challenges confronting agriculture. The other conservation programs in the USDA portfolio must also grow in funding and effectiveness to create the balanced portfolio needed to meet those challenges.

Serious reforms must be made to other programs in the conservation title to ensure that the most cost-effective practices and systems are encouraged, that a critical mass of participation is achieved to produce real improvements in environmental quality, and that critical habitat and landscape features are restored, and to support cooperative, locally led conservation projects on a large scale across the United States. Such reforms are beyond the scope of this assessment; these and other recommendations are being developed and will be shared in other reports.

CASE STUDY: COOPERATIVE CONSERVATION – ILLINOIS RIVER 2020 INITIATIVE

The Illinois Rivers 2020 initiative is a large-scale project that involves extensive program integration, not only within the USDA, but also among other state and federal agencies and programs.

The program is a $2.5 billion, 20-year federal-state initiative with the goal of restoring and enhancing the 26,000 square mile Illinois River Basin, which includes more than 10 million acres of some of the world's most productive farmland. The basin is also home to 90% of Illinois's population and provides drinking water to almost 900,000 people in the state. Flooding, urban sprawl, soil erosion and sedimentation, and loss of critical fish and wildlife habitat are all serious threats to this important ecological and economic resource.

The program has been designed to provide a broad toolbox to implement an effective basinwide restoration effort, with an added goal of demonstrating that fully funded voluntary programs can work on a landscape scale. Programs brought together for the initiative include farm bill programs—EQIP, CRP, WRP, WHIP, FRPP, and CREP; Section 319 of the Clean Water Act (EPA) for urban and rural nonpoint source problems, bank stabilization, instream management and habitat restoration, and watershed planning and education; and Water Resources Development Act appropriations for removal, analysis, transport, and beneficial use of sediments, long-term resource monitoring, and flood reduction and habitat restoration.

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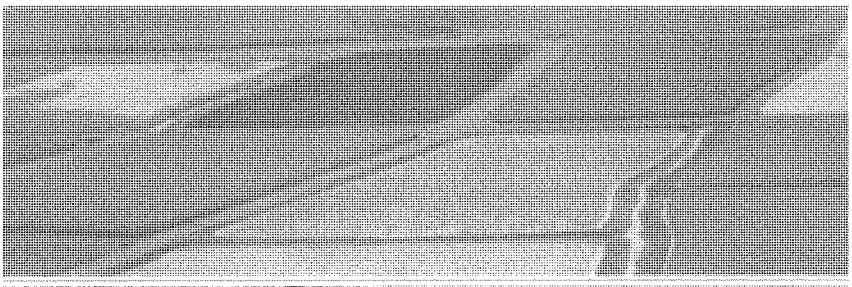

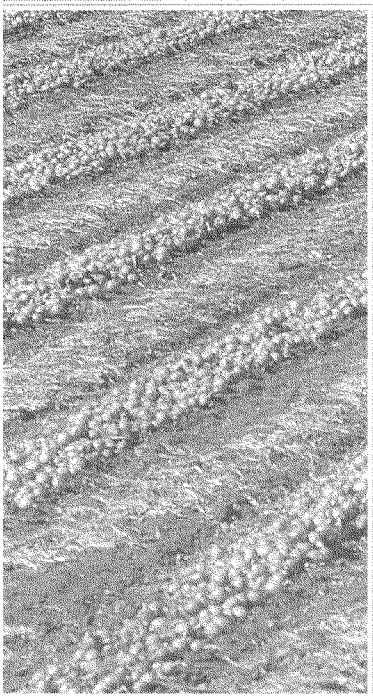

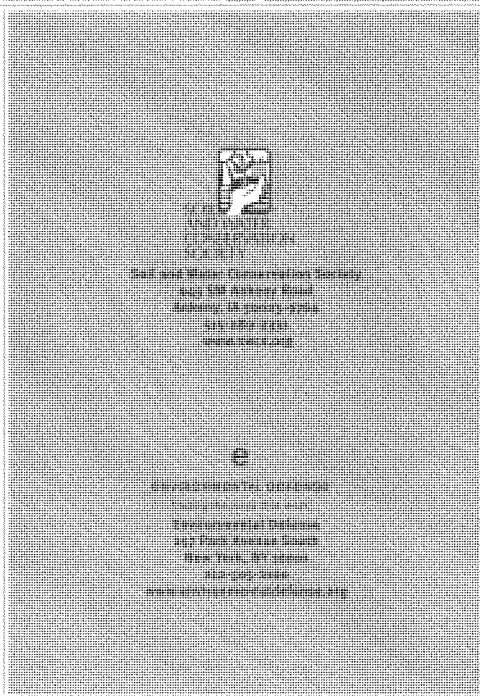

National Farmers Union

Testimony of Jeff LaFleur

Before the:

U.S. House of Representatives

Subcommittee on Conservation, Credit, Energy, and Research

Concerning a Review of USDA Farm Bill Conservation Programs

Thursday, April 19, 2007
Washington, D.C.

STATEMENT OF JEFF LAFLEUR

PRESIDENT, NEW ENGLAND FARMERS UNION

BEFORE THE U.S. HOUSE OF REPRESENTATIVES

SUBCOMMITTEE ON CONSERVATION, CREDIT, ENERGY AND RESEARCH

CONCERNING A REVIEW OF USDA FARM BILL CONSERVATION PROGRAMS

APRIL 19, 2007

Chairman Holden, Congressman Lucas, and members of the subcommittee, thank you for the opportunity to testify today. My name is Jeff LaFleur, and I am the president of the New England Farmers Union (NEFU), the most recently formed chapter within National Farmers Union (NFU). I am here on behalf of NFU, a nationwide organization representing more than 250,000 farmers, ranchers, fishermen and rural residents. I also serve as the executive director of the Cape Cod Cranberry Growers' Association (CCCGA). Established in 1888 to standardize the measures by which cranberries were sold (the 100 lb. barrel), CCCGA has become one of the leading agricultural organizations in Massachusetts. Cranberries are now Massachusetts' number one food crop, and the state produces nearly 30 percent of the nation's cranberry crop. I am grateful for the opportunity to review with you conservation programs outlined in the USDA Farm Bill conservation title. I will submit my full testimony for the record and focus my oral testimony on highlighting NFU's conservation priorities for the next Farm Bill.

NFU supports the conservation programs established in the 2002 Farm Bill and continues to call for full funding of each program. Full and adequate funding of all conservation programs ensures the continued protection of our soil and water resources and wildlife habitats. The 2007 Farm Bill should build upon existing programs, while encouraging further investment in new programs that benefit the environment, family farmers and ranchers, and rural America. By coupling the environmental needs of our fragile farm lands, with the socioeconomic goals of our farming communities, the new Farm Bill could do even more to create the opportunity to reward stewardship, discourage speculative development of fragile land resources and strengthen family farming and rural communities.

Rewarding family farmers for making good environmental choices should be a top priority in farm policy, since society as a whole benefits from producers who adopt farming practices that enhance water quality, wildlife habitat, energy conservation, biodiversity and carbon sequestration. Financing should be on a long-term basis, providing federal commitments for a minimum of five years. Levels of conservation assistance should reflect the standards set forth in the federal land conservation inventory, the appraisals under the Resource Conservation and Recovery Act of 1976 and other federal studies.

Conservation Security Program and Environmental Quality Incentives Program

The Conservation Security Program (CSP), one of the most innovative attempts to reward producers for conservation practices on working lands, should be fully funded in the 2007 Farm Bill and continue to offer incentives for producers to adopt additional conservation practices on their operations. For the limited number of producers who have been eligible to participate in CSP, it has come to light that USDA has not held up its end of the contracts. If the department is permitted to not fulfill its contractual obligations to participants, then the option to void the contract should be granted to the producer. NFU's carbon credit program and national buffer strip initiative, which I explain later in my testimony, could be adopted to work within the tier system of CSP.

The Environmental Quality Incentives Program (EQIP) also needs full funding in the next Farm Bill, with all funds directed to family farmers and ranchers. States should be permitted to set EQIP priorities based upon local environmental challenges. Numerous variables contribute to the soil and water composition of landscapes throughout the country, and we need to recognize that these unique conditions dictate distinct conservation needs. States are best equipped to identify where and how limited conservation funding can produce maximum benefits to both the producer and the environment.

Conservation Plans and Technical Assistance

NFU supports the development of a one-stop conservation planning system for agriculture through the Natural Resources Conservation Service (NRCS). The plan should be supervised and approved by the USDA committee process, with the technical assistance of NRCS. We recommend a single conservation plan that is developed by the farm operator, in conjunction with NRCS, in order to assure compliance with the myriad of land and water regulations established by various government agencies. The producer's conservation plan should specifically address relevant, locally-identified priority problems. Objectives of the conservation plan should aim to reduce and control wind and water erosion, prevent nonpoint source pollution and enhance the soil and water capacities of the land. It is necessary to designate which highly erodible soils should not be tilled and which may be tilled with approved conservation practices. Lastly, a thorough mapping and documentation of both existing and drained wetlands, as well as any drains and channels, needs to be completed. The plan should outline the conservation of wetlands, as well as the maintenance of drains and channels.

Once a plan is filed with NRCS and implemented, a producer should be deemed to be in compliance with all federal agencies. Producers should be allowed to remedy inadvertent or unavoidable failures to carry out conservation plan practices, and penalties should be based on the degree of the violation. If a producer is working with a government agency to resolve a specific environmental problem, the producer should not be penalized for any other obstacles that are discovered, but rather, the agency should work with the producer to correct the problems.

Farmers who have a conservation plan should be eligible for stewardship payments. Payments should compensate farmers who have achieved a high level of resource protection in their farming operation. Incentives should reward both new and existing conservation practices. We support a payment system that moves toward an outcome-based approach, where real changes and environmental benefits are tracked and rewarded. All farms and ranches, regardless of what they produce, should be eligible to benefit from incentives to implement conservation minded practices. Programs should be based on voluntary automatic signup and preclude the use of a bidding system.

Loss of full federal farm program benefits should be imposed only in cases of purposeful abdication of agreed upon conservation practices. Current conservation compliance requirements allow too few options to account for local involvement, climatic conditions and geography, which are beyond the control of the producer.

Across the nation, approximately 3,000 conservation districts coordinate assistance from a variety of sources including both the public and private sectors, local, state and federal governments in an effort to develop locally-driven solutions to natural resource concerns. In my own state of Massachusetts, producers rely upon local conservation districts to provide the delivery system for federal technical assistance programs established by the NRCS. Conservation districts are often confined by strict budgets and thus are not always able to meet their conservation goals. Recognizing that conservation districts are most qualified to continually adapt to newly emerging environmental changes on the local level, NFU strongly encourages increased funding for the services they provide.

Availability of technical assistance is the key to success for NRCS programs. Individual producers rely upon technical assistance from NRCS staff or third party vendors in order to receive scientifically sound guidance on how to conserve, maintain and improve their natural resources. The 2007 Farm Bill should provide the financial resources necessary to increase technical assistance within conservation districts. Competitive bidding and multi-year contracts should be authorized in order to provide technical assistance to producers. Furthermore, technical service provider payment rates should be consistent with the prevailing regional market for similar services supplied to other industries.

We remain concerned that engineers who are normally tasked with designing field plans are now responsible for completing the paperwork associated with delivering payments to producers. Such excessive assignments divert the specialist's attention away from his/her expertise. All payment paperwork should return to the domain of the Farm Service Agency (FSA), namely the agency that excels at delivering payments to producers. FSA recognizes the needs of farmers and can accurately and efficiently meet their financial needs.

We are concerned about the repeal of Section 1241(d) of the 2002 Farm Bill, namely the regional equity provision. First established in the 1985 Food Security Act, the provision requires that, "Before April 1 of each fiscal year, the Secretary of Agriculture shall give priority for funding under the conservation programs under subtitle D to approved applications in any State that has not received, for the fiscal year, an aggregate amount of at least $12,000,000 for those conservation programs." In FY2005, the provision was fully implemented and allowed producers in 13 states to participate in additional conservation programs. The merits of sound conservation practices in the agriculture sector should be available to as many producers as possible, despite their geographic location. The regional equity provision creates a level playing field for regions of the country that may otherwise go unnoticed or underfunded in their environmental efforts.

Conservation Reserve Program

The Conservation Reserve Program (CRP) is one of the most successful programs in our nation's history. Designed to address soil erosion, water quality and wildlife habitat, CRP needs to continue to serve as a tool for producers to protect the land throughout the nation. NFU is concerned with any effort to reduce the maximum CRP acreage of 39.2 million acres or reduce funding for the program.

Contracts should be extended for periods of not less than 10 years, and ownership of CRP lands should remain in the hands of resident family farm and ranch operators. The enrollment of whole farms into CRP should be prohibited, due to the detrimental effects on rural communities.

Incentives to aid beginning farm and ranch families should be offered on land that was previously enrolled in CRP, but is not deemed environmentally sensitive under new rules and not eligible for re-enrollment. The local Farm Security Administration (FSA) committee should maintain the authority to allow producers more time to pay for their portion of the seeding costs when financial hardship is proven.

Financial and technical assistance should be provided to producers to prepare CRP acreages for sustainable agricultural systems that will meet established conservation standards. In addition, land managed with appropriate organic standards while enrolled in CRP should be eligible for organic certification upon termination of the contract.

In times of extended drought conditions or other weather disasters, haying or grazing on CRP acres should be allocated to all livestock producers based on need, with up to one-third of CRP acres being used to replenish feed supplies. Haying and grazing of CRP by a producer in a disaster-declared county should not be restricted to land in the disaster-declared county or state. The FSA farmer-elected county committees should be given authority to set the date of harvest in order to maximize the feed value of hay and forage. These regulations

should be in place so the procedures are documented in advance of a disaster. The maximum landowner income from the haying and grazing should not exceed the annual CRP contract amount for that farm.

NFU supports the following recommendations regarding CRP:

- Careful setting of the NRCS Erodibility Index (EI), which would reflect an emphasis on sensitive land, including land that impacts water quality;
- Re-enrollment funding to enforce contract requirements for adequate weed and insect control;
- Land-owner rights' to collect hunting or recreational use fees;
- High priority on long-term timber and forestry conservation projects for re-enrollment;
- Planting of shelterbelts or other measures if shelterbelts and/or wooded areas are destroyed. New trees should be required for a minimum of 10 years on equivalent acreage; and
- Continuation of the 25 percent per county acreage limit for CRP and related conservation programs.

In addition to the CRP, we support developing a short-term conservation land diversion program to allow producers to take land out of production for one to three years in times of surplus. Participants would be required to use Best Management Land Practices and be compensated based upon a percentage of the county rental rate for the land. The amount of land placed in the program would be limited to an established percentage per farm. Land would be eligible to be cropped or put back into the diversion program after the contract period.

Wetlands

The federal government should consult with state and local governments to develop a unified, mutually agreeable management program to protect our nation's wetlands and individual property rights.

We encourage Congress to study the impacts of current and forthcoming wetlands proposals on agricultural producers, family timber operations and rural communities, giving careful consideration to identifying and separately regulating any artificially created wetlands. Induced wetlands should be exempt from wetland restrictions. Requiring recertification of wetlands at five-year intervals creates a moving target for producers in their compliance efforts. While we support a single, coordinated approach to wetlands protection, producers must be provided full opportunity to participate in the development and review of regulations.

We reaffirm our support for making the NRCS and FSA the lead agencies in wetlands delineation on agricultural lands. All wetlands determinations throughout the United States should rely on the presence of the following three mandatory criteria simultaneously appearing on the same site year round: 1) hydrology; 2) a predominance of hydric soil; and 3) a prevalence of hydrophytic vegetation. Any leaseholder, renter or owner should be compensated equitably for the taking of lands through the classification of wetlands. Landowners should be able to move water within the contiguous boundaries of their own property without regulation, interference or easements. Lastly, water outside the boundary of a wetland should be considered sheetwater and not subject to jurisdiction by state or federal agencies.

NFU's Carbon Credit Program

There is growing public concern that global climate change may be responsible for more severe hurricanes, shrinking polar ice and glaciers, droughts, floods and other disruptions in our climate. Increasing energy prices are also peaking the public's interest in renewable fuels, alternative energy sources, energy conservation and other practices that reduce greenhouse gas emissions. As stewards of the land, Farmers Union members want to help protect the environment and our natural resources.

The newly established Farmers Union's Carbon Credit Program is a voluntary, private-sector approach to conservation. The program allows agriculture producers and landowners to earn income by storing carbon in

their soil through no-till crop production, longterm grass seeding practices, native rangeland and forestry. For two years, North Dakota Farmers Union (NDFU) and NFU worked to gain approval from the Chicago Climate Exchange (CCX) to aggregate carbon credits and enroll producer acreages of carbon into blocks of credits that are traded on the CCX.

Converting to no-till crop production and long-term grass seeding practices results in higher levels of carbon stored in the soil. Producers can now earn income in the carbon credit market for storing carbon, thereby reducing greenhouse gas emissions.

Immediately after the end of the calendar year, carbon credits are placed in the Farmers Union trading account and sold. The individual producer receives a share of the sale proceeds (less a 10 percent administrative fee to NDFU) immediately after the credits are sold. The concept of carbon credits trading is similar to dealing with any other agricultural commodity exchange such as the Minneapolis Grain Exchange or the Chicago Board of Trade.

Producers are credited with 0.2-0.6 metric ton of carbon for each acre of eligible no-till cropping and 0.75 ton per acre for qualifying grass stands each year of the contract. The price per ton on CCX varies every trading day, but current prices are about $3.70 per ton. That equates to about $1.50 per acre for no-till and $2.50 per acre for grass stands, less the aggregation fee.

In addition, each year 20 percent of the proceeds due are placed in an escrow account, or carbon bank, that is paid in a lump sum at the end of the contract. This provides an incentive for producers to complete all terms of the contract. There are also penalties for early termination of land management practices.

In the greenhouse gas debate, the concept of emissions caps and higher costs of carbon offsets may eventually provide the incentives to more efficiently use energy. A similar cap and trade market developed regarding sulfur dioxide emissions in the acid rain debate a number of years ago. Over time, the cost of credits or offsets became high enough to force companies to place scrubbers on smokestacks, replace the highest emission plants and build newer low-emission facilities. Lowered emissions resulted from the market-based sulfur dioxide allowances trading, and acid rain and its damage were lessened. That may hold true for carbon emissions as well.

In the meantime, if agricultural producers can adopt economically successful and environmentally sound land management practices that reduce or offset carbon emissions, and can get paid for it, it creates a "win-win" scenario for all involved.

New Buffer Strip Initiative

Buffer strips play a key role in maintaining healthy, productive farms, as well as protecting fragile and vital waterways throughout the country. When designated appropriately, buffer strips help producers maintain their best land in crop production and make good use of marginal land. Conservation buffers, which remain permanently vegetated, help control pollutants and manage environmental problems; other practices considered as buffers or closely associated to them are hedgerow plantings, grassed waterways and streambank protection measures.

NFU proposes a new buffer strip practice for inclusion in the 2007 Farm Bill; the program would build upon the proven success of past buffer strip initiatives by rewarding producers for planting no-till perennial vegetation on production lands adjacent to waterways and beyond the already designated conservation buffers strips. Lands located close to water sources are amongst the most fertile agriculture lands and are often the most lucrative in terms of production and return on investment. If farmers were fairly compensated for planting no-till perennial vegetation that could be harvested for the production of biofuels, used for hunting

purposes, hayed/grazed for livestock, capturing carbon or other non-disruptive purposes, then producers, the environment and the American public all stand to reap the rewards.

This undertaking requires significant collaborations among various agencies within USDA, as well as the expertise of researchers who could identify regions of the country in which this program could be most successful. In order for this program to succeed, it must be developed in the best financial interest of the producer. Therefore, funding levels per acre must at least equal the value of the land if it had been left in crop production.

Some would say this would be an expensive endeavor. We challenge those to look at the total overall cost of cleaning our waterways; significant costs that are born by federal, state and local agencies. NFU believes paying for cleanup in retrospect of a situation is much more costly than preventative measures. Current clean up, related to the dead zone in the Gulf, drinking water resources, restocking marine life or others, could be significantly reduced with expanded buffer strips. Addressing this challenge will most likely be beyond the purview of the agriculture committees, but we must end the piecemeal approach and begin a comprehensive approach to protecting our water resources.

As mentioned earlier in my statement, I believe both the carbon credit program and buffer strip initiative could be established to work within the existing tier system of CSP or adopted as new tiers of participation. The goals of the programs are not impossible, but it will take the will of Congress to make these initiatives a reality.

Interactions with our nation's natural resources do not need to set agricultural producers in opposition to the environment. As NFU members have demonstrated for many generations, farmers, ranchers and fishermen are our best environmental stewards and their astute understanding of the natural world deserves to be recognized and rewarded.

With that Mr. Chairman, I thank you again for the opportunity to testify. I would be pleased to take any questions and thank all of the members of the subcommittee for their support of and work on these important issues.

Official Written Testimony of
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To the House Subcommittee on
Conservation, Credit, Energy and Research

Regarding
USDA Farm Bill Conservation Programs

April 19, 2007

Mr. Chairman and members of the Subcommittee, thank you for the opportunity to testify today on priorities for the conservation title of the next farm bill. I am Jamie Jamison from Dickerson, Maryland and a member of the Corn Board for the National Corn Growers Association. I grow corn, wheat and soybeans on my farm which is located about 35 miles outside of Washington, DC in the Chesapeake Bay watershed.

The National Corn Growers Association (NCGA) is a national organization founded in 1957 and represents more than 32,000 members in 48 states, 47 affiliated state organizations and more than 300,000 corn farmers who contribute to state check-off programs for the purpose of creating new opportunities and markets for corn growers.

America's corn producers continue to make a significant and important contribution to our nation's economy. The relatively stable production over the past ten years, made possible by innovation in production practices and technological advances, has helped ensure ample supplies of corn for livestock, an expanding ethanol industry, new biobased products and a host of other uses in the corn industry. Moreover, investments by the American taxpayer in our nation's agricultural programs have helped to produce a more stable financial environment for production agriculture and a brighter future for our rural communities. In our view, reliable, abundant, affordable and safe supplies of grain for the food on our tables to the fuel in our cars are generating benefits many times over for our national economy.

In 2006, Corn production eclipsed 10 billion bushels for the fourth consecutive year, and NCGA believes that number will top 15 billion bushels by 2015. Last year, corn growers produced the second-highest bushel per acre average in history at 149.1 bushels per acre. However, it's not just about growing more corn; it's about how we grow it and how we use it.

Corn growers are mindful that the need for a long-term, dependable food and energy supply and necessity for long-term profitability in farming must be balanced with environmental stewardship. We are making important environmental gains through the use of farm bill conservation programs – reduced soil erosion, improved water quality and increased wildlife habitat. To continue this trend, we call for an even greater emphasis on working lands conservation programs.

For example, NCGA commissioned research of recent National Resources Inventory (NRI) data, concentrating on sites with a history of corn production. The goal of this research is to determine the level and types of conservation and production practices that growers have implemented to conserve soil and limit erosion. Initial exploration of NRI data show increases in farm bill conservation title investments to conservation tillage, in areas where appropriate, may hold the potential for the single largest gains in further reducing erosion from corn lands.

Conservation and the 2007 Farm Bill

While each of the conservation programs utilized by corn growers could benefit from more funding to increase efficiencies, enrollment opportunities and environmental gains, any increase in funding should not come at the expense of the farm safety net (Title I programs). In general, we recommend that the farm safety net be enhanced with conservation programs but not replaced by conservation programs.

Many of our members have expressed concern with how the current programs are being implemented. Inconsistent application of conservation laws, programs and standards can have the unintentional effect of helping one farmer while hurting another, thus diluting environmental benefits.

In that regard, we encourage the committee to be mindful of the NRCS delivery system and its limitations. Every farm bill since 1985 has fundamentally changed programs or added big new programs, pushing the NRCS system beyond its limits and doing a disservice to producers. While we commend Congress for providing a strong emphasis on conservation in the recent farm bills, especially on working lands, the 2002 farm bill was the most significant in this regard in terms of complexity. After several years of working through the "kinks," we now have a good set of programs. Instead of extensive additions or complications, we encourage the Subcommittee to simplify and streamline the existing programs to allow better access and utilization by producers.

To ensure conservation programs are achieving their goals, we support science-based efforts to measure the real results of the conservation practices we've implemented. The

ability to develop understandable and relevant performance measures and communicate them to the public will help shape future public and congressional support for farm programs.

Technical Assistance

The demand for technical assistance continues to increase. Yet, funding for technical assistance has been relatively flat over the years. In general, we recommend the next farm bill provide adequate funding for NRCS field staff and USDA Service Center Agencies directed to help address on-farm conservation challenges. We encourage the Subcommittee to look at a long-term view of budgeting for technical assistance that balances national priorities with local needs.

Environmental Quality Incentives Program (EQIP)

The Environmental Quality Incentives Program is very popular and delivers effective conservation program dollars to assist landowners who face natural resource challenges on their land. Above all, EQIP should preserve the full flexibility needed to adjust the program over time to focus on evolving issues and allow improvements to program features based on national, state and local needs.

Corn growers support:

- Continuing to direct 60 percent of EQIP funds to livestock-related conservation practices.
- Environmentally sound use of manure and the use of incentive payments to producers who ensure animal effluent is managed responsibly through Comprehensive Nutrient Management Plans (CNMPs).
- Continued funding to livestock and poultry facilities without bias to size or location.
- Use of EQIP funds for air quality and odor control mechanisms.
- Use of EQIP funds to provide producers with financial assistance to adopt Best Management Practices (BMPs) to address TMDL concerns, further assisting farmers with their stewardship activities.

NCGA does **not** support EQIP as a funding source for endangered species protection, especially when other, more effective and well-funded financial assistance programs within the U.S. Department of Agriculture address at-risk species habitat recovery, including the Wildlife Habitat Incentives Program.

Conservation Security Program (CSP)

As is the case with many farm bill titles (conservation, research, rural development, energy, etc.), programs that are authorized but never funded are of no help. Likewise, programs that are deprived during the appropriations process never reach their full potential.

The Conservation Security Program continues to be a work in progress. Since its enactment, numerous legislative actions on the CSP statue have resulted in funding changes creating a range of implementation challenges. As a result, a number of corn growers have expressed frustration with the continuous changes in the application process, describing it as a moving target.

Corn growers support:

- Environmental incentive payments for implementation of conservation practices.
- Significant improvements to the application; selection and implementation process so that the program's provisions are fairly applied to all eligible growers.
- Oversight mechanisms to manage how states interpret and disseminate information about the program.
- Funding stability in order to fully appreciate the intended impact of the program.
- The adoption of additional practices with corresponding incentive payments.

Conservation Reserve Program (CRP)

The Conservation Reserve Program is one of the most important and widely used conservation programs for corn growers. NCGA supports the full utilization of CRP at its maximum authorized level.

Corn growers support:

- Full utilization of the CRP. However, as market forces indicate diversion from CRP, we encourage fragile acres remain in the program and best management practices be implemented on land returning to production.
- Environmentally sensitive or fragile lands should be the program's priority, with the focus on targeted enrollment and reenrollment of field borders and filter and buffer strips, and other areas needed for conservation compliance.
- Maintaining an equitable balance among soil erosion, water quality and wildlife benefits. Yet, the program should have flexibility to address local concerns.

- Further development of state-based Conservation Reserve Enhancement Programs (CREP) as they bring together a broad group of interests to address specific, local concerns.

- Payment of adequate and fair rental rates, ensuring that rental rate payments for whole field enrollments do not exceed county average rental rates for similar land capability classes.

- Reduced rental payments to participants in those years CRP lands are harvested for commercial use such as energy production.

Wetlands Reserve Program (WRP)

Moving beyond the "no net loss" of agricultural wetlands to have an overall increase in wetland acres each year is a direct result of the work farmers and ranchers have done to create, maintain or enhance wetlands. According to USDA, the greatest gain in wetland acres has occurred in the Corn Belt and Delta States. WRP can help continue to create, improve and protect millions of wetland acres. Corn growers support the maintenance of quality farmland and quality wetlands.

In summation, we believe the conservation title should adhere to the following criteria:

- Adequate funding
- Environmentally sound based on sound-science
- Implemented nationally at the watershed level
- Performance driven
- Simplified and streamlined to encourage more participation
- Target programs and funding to achieve greatest environmental savings

Mr. Chairman and members of this Subcommittee, thank you again for this opportunity to testify. We are eager to work with you in the months ahead to advance a farm bill that will ensure United States agriculture is stronger than ever. I would be happy to respond to any questions.

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Written Statement
of
Lawrence Elworth
Executive Director
Center for Agricultural Partnerships
to the
House Agriculture Committee
Subcommittee on Conservation, Credit, Energy and Research
Hearing
April 19, 2007

Mr. Chairman and members of the Subcommittee, thank you for the opportunity to speak with you today about the issues faced by specialty crop growers, which now account for close to 50 percent of domestic farmgate crop value, in making use of conservation program opportunities. My comments focus primarily on the Environmental Quality Incentives Program (EQIP) and the unique challenges facing specialty crop producer participation in the program.

INTRODUCTION

The Center for Agricultural Partnerships (CAP) is a 501(c)(3) nonprofit organization based in Asheville, North Carolina, whose mission is to create programs for solving agricultural problems that help farmers adopt more environmentally sound and profitable practices. Since its inception in 1996, CAP has worked with more than 100 organizations and companies in thirteen states to help farmers use more effective farming practices on more than 400,000 acres.

Enactment of the Farm Security and Rural Investment Act of 2002 (Farm Bill) created the potential for significant opportunities for specialty crop producers and other farmers (small, limited resource and minority farmers) who had not participated previously in conservation programs. However that potential has not been realized. In fact, if one could track the difference between the amount of financial assistance received by major crop and livestock producers since the passage of the Farm Bill and the financial assistance received by specialty crop producers, the disparity would likely be staggering.

Certainly there have been significant examples of specialty crop participation in conservation programs in a number of states - from the apple orchards of western North Carolina to mushroom operations that I recently visited in Chester County, PA. However, the overall amount of specialty crop involvement has been marginal and the successes in one growing region have not generally been transferred to other areas.

Since 2002 CAP has made a considerable investment of time and resources working with partners in several states including North Carolina, Pennsylvania, Michigan, California, Wisconsin, Washington, and Georgia, to increase the ability of specialty crop growers, as well as limited resource and minority farmers, to gain meaningful access to EQIP. In doing so, we have

seen first hand the hard work and dedication of NRCS conservation district staff at the national, state and local levels, particularly in my home state of North Carolina. At the same time we have encountered significant challenges that limit the ability of specialty crop producers to participate in conservation programs.

CHALLENGES

There are a number of circumstances that effectively limit meaningful access by specialty crop producers, who, by and large, have not typically participated in federal conservation programs:

- Growers have little or no knowledge of program opportunities, benefits, and procedures and do not receive timely information about them
- Transaction costs for specialty crop growers are significant since the learning curve is steep and their likelihood of success is often minimal
- Cost share rates for practices appropriate for specialty crops are either insufficient or non-existent
- Knowledge of the range of practices is extremely limited so that growers' applications fail to rank high enough for their applications to be approved
- Very few growers have conservation plans
- Supporting institutions such as Cooperative Extension or land grant staff who work with specialty crops have little or no knowledge of conservation programs
- There is often no effective access to technical assistance for the implementation of these practices: Technical Service Providers (TSP) are rarely a realistic option
- The Adjusted Gross Income provision limits access for many otherwise eligible specialty crop producers

For NRCS staff, there are parallel circumstances that have limited their ability to work extensively with specialty crop producers:

- NRCS typically has little familiarity with the production systems
- There are minimal working relationships between NRCS staff and specialty crop producers
- NRCS lacks technical familiarity or expertise with specialty crop practices
- Programs and cost share are not well-matched to specialty crop circumstances
- Working with specialty crop producers is time-consuming and often complex, requiring new planning and evaluation

In short, there is insufficient capacity to deliver conservation programs to specialty crop producers. As a result, specialty crop producers, and other growers who are not familiar with conservation programs, have very limited opportunities to participate.

SOLUTIONS

In general, the solutions to these endemic issues involve providing the outreach, education, technical assistance and conservation planning assistance that make participation in conservation programs possible. Implementing the solutions will necessitate both leadership by the Secretary and the implementation of specific steps that fundamentally increase the capacity of NRCS to deliver conservation programs.

Leadership – The Secretary should assess the current involvement of specialty crops and develop a plan to improve access and participation six months from enactment. The assessment should involve specialty crop representatives with NRCS staff from states with substantial specialty crop acreage. Once developed, the plan should be circulated for comment and then implemented. The attention from USDA leadership would have value in emphasizing the importance of work with specialty crop producers.

Outreach - The Secretary could be directed to allocate a portion of Conservation Innovation Grants in each state to provide outreach for specialty crop producers on EQIP, providing information on procedures, options, and basic conservation. Funds would be available to universities or private organizations but would need to be coordinated with existing specialty crop organizations.

Technical Assistance – There need to be more effective options for technical assistance since the Technical Service Provider (TSP) option is woefully ineffective for specialty crops. The Secretary needs to establish sufficient technical assistance options, such as cooperative agreements and partnerships with other agencies and private organizations, to provide technical assistance. In addition, the Secretary could increase the percentage of EQIP dollars that could be allocated to technical assistance based on the prevalence or interest among specialty crop producers in participating in EQIP. Those funds would be designated for use with those growers.

Education - In the Research Title, Congress could establish a Conservation Education Program designed to develop education programs at the state level for Extension and University staff on the basics of resource conservation and the conservation programs. That program would then be delivered to specialty crop producers in conjunction with outreach programs. Alternatively, education programs could be delivered through Partnerships and Cooperative Agreements or through Conservation Innovation Grants.

Conservation planning – Given the importance of conservation planning to achieving resource benefits and the fact that most specialty crop producers need conservation plans, sufficient funds need to be available for Conservation Technical Assistance, as recommended by the National Association of Conservation Districts (NACD) and others. In addition, the Secretary could 1) allocate a specific amount of CTA dollars to the development of conservation plans for specialty crop producers; and 2) provide options for the development of plans for specific practices (e.g., pest management) as part of the existing cost share payments under EQIP.

These measures would increase our capacity to deliver conservation programs, thereby advancing resource conservation by a large and progressive segment of agriculture and improving the equity in access to conservation programs. In addition, these measures would have relevance to other groups of farmers who have been underserved by conservation programs including small and limited resource farmers, minority farmers, and organic and beginning farmers.

Thank you, Mr. Chairman, for your leadership on these issues and for the opportunity to testify before you today. I will be glad to answer questions from you and members of the Subcommittee.

California Citrus Mutual

Testimony for Joel Nelsen, President
California Citrus Mutual
Before
House Agriculture Subcommittee On
Conservation, Credit, Energy & Research
Thursday, April 19, 2007

Good afternoon, again my name is Joel Nelsen and I am President of California Citrus Mutual, a citrus producers' trade association with a membership consisting of 2000 growers farming in excess of 120,000 acres. Our industry produces approximately $1.3billion worth of fresh citrus; the primary varieties being the navel orange, lemon, mandarin varieties and the summer Valencia oranges. We are the number one fresh citrus producing state in the nation.

Today I would like to focus my testimony on the Conservation Title of the upcoming Farm Bill. There is not much history to speak of inasmuch citrus growers and members of the specialty crop industry in general have little to say about this title from a historical perspective. Like so much of previous farm bills we simply have not been able to access what few programs exist for commodities such as ours.

I would like to note that specialty crop growers produce approximately 50% of the farm gate value of total agricultural crop production in the United States. Our share of farm bill activities is very small however. We will make an effort to change that in the 2007 farm Bill. I believe strongly that the allocation of resources aimed at addressing issues of concern to specialty crop growers must reflect the value of their production to our economy as well as the dietary needs of all Americans. We look forward to working with you, the members of this committee, the entire Agricultural committee and finally Congress in writing such as bill.

You may be aware that our collective industry has formed the Specialty Crop Farm Bill Alliance in an effort to be more active and thereby make the farm bill more productive for our industry. We have no choice but to be engaged and try to make our farm policy via the farm bill more balanced. In the past it has been far to narrow in its outreach to agriculture across the nation. That must change. Today competition around the globe and governments around the world mirror our farm policy. That mirror is for all commodities produced, unlike our farm bill policy which has favored a few.

To some extent that has been our own fault in that we have avoided entanglement with government as we move fresh fruit and vegetables around the globe. But now industries such as mine are faced with global competition that is unfair and a changing societal perspective on how best to make our nutritious commodities viable for the consumer. As an example our industry presently accesses very little from the previous farm bill. But our competition in Spain accesses a billion dollars in direct subsidies plus assistance from other programs.

To help accomplish our objective we have participated in several listening sessions. I have participated in hearings in the Senate and discussions here in the House. I have also participated with a team of environmental and agricultural leaders in California with senior staff

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from Congressman Dennis Cardoza's office to develop broader and fairer application of the Farm Bill in this specific area. The combination of activities has been incorporated into the Congressman's legislation, HR 1600, the Eat Healthy America Act.

Our number one priority is the expansion of the EQIP Program. The existing program is over subscribed and a majority of the funds are mandated for one segment of agriculture. If there are to be mandates then they should be based on the USDA's nutrition pyramid or the percentage of revenue contributed to the entire value of agriculture.

The formula for access, the smaller pool accessible and the number of subscribers all preclude the ability of an industry such as ours to participate adequately in this program. It's a good program and requires more support from Congress.

With a better funded EQIP program we can reward higher levels of environmental performance, address local, state and national environmental priorities and utilize the most efficient and cost effective methods for producing fresh fruits and vegetables in a more environmentally sensitive manner.

Our ideas in this area include adding provisions clarifying that states must consider the overall cost effectiveness of proposed projects and target funds to projects that will deliver environmental benefits in the most cost effective manner.

We believe resources of concern such as water quality and air quality should be prioritized for consideration. To that end a specific air quality program must be established within EQIP. Much like the administration's farm bill proposal places a priority on water quality an equal priority should be applied to air.

If we do this then we must do one more thing and it too is priority number one. Congress and USDA must recognize that the economics of specialty crop farming are entirely different than program, animal, dairy and other aspects of agriculture. The Adjusted Gross Income calculations and limitations either eliminate our industry from participation or reduce the value so as to make the effort less than the worthwhile.

Next the whole area of technical assistance needs greater support in this title. Research leads to new and better ideas. The cost of implementation and/or acquiring the knowledge to implement is often left unsaid. Technical assistance as classified within the Conservation Title can contain incentives to spread the knowledge and educate the end user thus achieving the objective in a timely manner.

The Emergency Conservation Program can be an extremely valuable tool for a producer as they recover from disaster. However it is limited in its application. Nursery debris is excluded, helping with the rehabilitation of citrus trees, which I know about first hand, is clearly ambiguous. This is a prime example of a worthwhile farm program that has been tailored for a segment of agriculture.

The Conservation Loan Guarantee Program, can I said ditto?

We will be suggesting new initiatives such as expansion of this title for integrated pest management activities. Our industry has been at the forefront of this activity using beneficial

insects against bad ones, using good snails to eliminate bad snails but candidly not all commodities have the capability of applying this pest management program thus are forced into activities that are less environmentally sensitive. Even in our industry what is good for California citrus may not be positive for Florida citrus. So it goes around the country. More support and more flexibility to benefit all producers are necessary. Thus the expansion of the Conservation Innovation Grant program is something we will support.

Finally the manner in which certain programs are offered to certain regions and commodities requires re-examination. Go where the need is, go where the foundation for rapid improvement is proven, and go where there has been a dearth of support in the past. I cannot tell you the number of times programs are announced but for a variety of factors have excluded specialty crop producers.

Now as a native Californian and a proud member of the Specialty Crop industry allow me to spot light why we must become more aggressive and why Congress must recognize that a farm policy should encompass all aspects of agriculture.

We all know that California is the number one agricultural state in the nation so it stands to reason that in a title such as this the one state where the most improvement to the environment can be made is in the one industry and one state where even a small amount of improvement has large ramifications.

In 2004 California only received one percent of the 2004 Conservation Program Payment. In 2005 we made huge strides to six percent. We now rank 28th in conservation title funding.

Every year more than 4000 of our state's landowners are rejected when they apply to take part in USDA incentive programs according to NRCS. That represents, again according to NRCS, 68% of our farm families.

Some $20b is spent annually, on average, in direct subsidies but only a fifth of Farm Bill funding goes to activities that help farmers improve soil, water and air quality. These are activities California farmers wish to access.

I guess I can't say it any better than Secretary Johanns did on November 2, 2005:

Currently, program crops represent a quarter of production value, yet they receive virtually all the funding: ninety-two percent of the community program spending was paid on five crops. The farmers who raise the other crops, 2/3 of all farmers – receive little support from current farm programs."

That says it all. We desire a more balanced farm bill and farm policy. We wish to participate in programs that enhance the environment while allowing us to remain competitive in a world arena that is presently very unfair to specialty crops.

I thank you for your time and attention.

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Testimony on behalf of the

National Cattlemen's Beef Association

With regard to

Agricultural Conservation Programs

Submitted to the

United States House of Representatives – Committee on Agriculture
Subcommittee on Conservation, Credit, Rural Development and Research

The Honorable Tim Holden, Chairman

Submitted by

Steve Foglesong

Chair, Policy Division
National Cattlemen's Beef Association

April 19, 2007

National Cattlemen's Beef Association

Mr. Chairman, and members of the subcommittee, my name is Steve Foglesong, and I am a cattle producer from Astoria, Illinois. I am the Policy Division Chair of the National Cattlemen's Beef Association. Producer-directed and consumer-focused, NCBA is the trade association of America's cattle farmers and ranchers and the marketing organization for the largest segment of the nation's food and fiber industry, and is the only voice of cattle producers in Washington, D.C.

Cattlemen are true environmentalists. For centuries, we have been stewards of our nation's land and resources. Our livelihood is made on the land, so being good stewards of the land not only makes good environmental sense, it is fundamental for our industry to remain strong. Some of the cattle industry's biggest challenges and threats come from the loss of natural resources. Our industry is threatened every day by urban encroachment, natural disasters, and misinterpretation and misapplication of environmental laws. The conservation of our nation's natural resources is imperative, and cattle producers have a vested interest in keeping land healthy and productive, keeping water and air clean, keeping wildlife abundant, and keeping ecosystems diverse. We strive to operate as environmentally friendly as possible, and it is through the conservation programs in the Farm Bill that we can achieve a partnership with the government to this end.

The goal of conservation programs is to achieve the greatest environmental benefit with the limited resources available. The U.S. Department of Agriculture (USDA) has numerous programs that are currently utilized by cattlemen, and we know that these programs will be a large part of the 2007 Farm Bill. I appreciate the opportunity to talk about the cattlemen's position on these programs.

In general, NCBA's priorities in the upcoming Farm Bill are to:

1. Support a reduction of the federal deficit while assuring funding for Farm Bill priorities, without agriculture bearing a disproportionate share of the reductions,
2. Minimize direct federal involvement in agricultural production methods,
3. Preserve the individual's right to manage land, water, and other resources,
4. Provide an opportunity to compete in foreign markets, and
5. Support equitable farm policy.

NCBA believes government policy should enhance the individual's right of free choice in land use, soil conservation, water conservation, energy use, and utilization of working lands conservation methods that are based on sound science and economics.

Paramount to any discussion regarding conservation programs is the need to protect individual private property rights. Federal conservation policy should reflect both the U.S. and state constitutions and enhance an individual's right to free choice regarding land, water, soil and energy use, development, and conservation. The rights of private landowners must be protected. NCBA opposes any federal policy that results in the loss of private lands or water rights without specific procedures of due process of law and just

compensation. Agreements involving individual private land and water rights must be the decision of individual private property owners.

Within the Conservation Title of the Farm Bill, NCBA supports working lands programs. This includes the Environmental Quality Incentives Program (EQIP), the Wildlife Habitat Incentives Program (WHIP), the Conservation Security Program (CSP), and the Grassland Reserve Program (GRP). The goal of conservation programs should be to maintain a balance between keeping well-managed working lands in production and providing for conservation of species and natural resources. Many producers would like to enroll in various USDA conservation programs such as the Conservation Reserve Program (CRP) to reach environmental goals. However, enrolling in these programs requires the producer to stop productive economic activity on the land enrolled. We believe economic activity and conservation can go hand in hand. As such, we support the addition of provisions in the next Farm Bill that will allow more working-lands programs that will have tangible benefits on environmental quality, and help to improve our ranching lands.

Given the limited resources that are available, NCBA would like to see overlap and redundancy in programs eliminated, and efficiency of programs improved. The way to get the best value out of these program dollars is to have the method of delivery as clear, concise, and quick as possible. Consolidation and streamlining, as suggested in the Administration's Farm Bill proposal, is one way to achieve that. We are happy to work with the Committee to make sure any streamlining or consolidation continues to serve the needs of cattle producers.

The most popular program among cattlemen is the Environmental Quality Incentive Program, or EQIP. This financial cost-share program rewards and provides incentives to cattle producers for their environmental stewardship. USDA's Natural Resources Conservation Service (NRCS) assists producers in the development of long range conservation plans, and then offers incentives through cost sharing for the landowner to incorporate best management practices to accomplish the objectives of the plan. EQIP is the best, most effective way to get conservation projects and practices implemented on the ground for cattlemen.

In the 2002 Farm Bill, EQIP saw a large increase in funding. Even with that increase, there still remains a substantial backlog of applications for the program. NCBA supports increased funding for EQIP within the Conservation Title, so that the program is able to provide more producers with financial assistance as they work to implement good conservation practices and projects. Livestock production happens largely without the benefit of a safety net, like many of the commodity programs have. Environmental concerns are one of the biggest threats to our industry. That said, NCBA supports the continuation of the provision in the 2002 Farm Bill that devotes sixty percent of EQIP funds to livestock.

Although popular, EQIP has a few problems we'd like to see addressed in the upcoming Farm Bill.

Many ranchers have complained that the time and paperwork required to apply for EQIP funds makes the program an unattractive and burdensome program. Understanding that funding is limited, one method to realize more dollars for the end users of conservation programs would be to make the program more user-friendly and less arduous. We understand that the verification of records in order to ensure that appropriate qualifications are met is very important, but achieving a more efficient application method and accountability system would result in more dollars being spent on actual conservation. NCBA supports streamlining on a larger scale, between overlapping programs, as well as within the programs. A streamlined and efficient overall program is key to making the most of taxpayer's dollars.

Cattle producers across the country participate in EQIP, but the practice of arbitrarily setting numerical caps that render some producers eligible and others ineligible limits its success. Addressing environmental solutions is not a large versus small operation issue. All producers have the responsibility to take care of the environment and their land and should have the ability to participate in programs that assist them in establishing and reaching achievable environmental goals. Accordingly, all producers should be afforded equal access to cost share dollars under programs such as EQIP or any other conservation program intended for working lands.

Another category of livestock producers excluded by USDA from EQIP are custom feeders. USDA has decided these producers do not share the risk of the ultimate sale price of the animals they feed. This exclusion is difficult to comprehend. These producers feed livestock on behalf of others and are obviously agricultural operations. Their environmental profile is identical to every other feeding operation. They certainly share the risk of financial success on their operations, even if not for the ultimate price of the individual animals they sell. We urge the Subcommittee to support changes in law to eliminate USDA's exclusion of custom feeders from EQIP.

Yet another sector of our industry that is excluded by USDA from qualifying for EQIP is livestock markets. The vast majority of livestock move through these markets, where they are held until they are bought or sold. Livestock markets are regulated by the Environmental Protection Agency as Concentrated Animal Feeding Operations (CAFOs), and are held to the same high environmental standards as other cattle feeding operations. Livestock markets share similar resource concerns with other livestock feeding operations, and should be eligible for government assistance to address those concerns in the form of EQIP.

NCBA believes changes in EQIP contracts should be implemented to make this program more attractive to producers. Currently, ranchers are assessed unreasonable penalties associated with the cancellation of an EQIP contract. These penalties can be up to 20 percent of the total financial and technical assistance obligated to the participant, even if little work has been performed by NRCS. NRCS should not require an applicant to sign a contract until the final cost of the contract is known and approved by the producer. Producers should also be allowed to periodically review and revise the terms

of multiple year contracts to adjust for inflation and the rising costs of materials over time, when justified. Finally, NRCS should provide a least-cost alternative to applicants when engineering for the government's share.

NCBA also believes that additional management tools should be available for range restoration within EQIP. In addition to mechanical treatments, modern recovery techniques, which have proven to be safe, efficient, and cost effective, should be available for range restoration within EQIP, including the use of herbicide.

One of the reasons EQIP is so popular among ranchers is the fact that it is a working-lands program. We believe that conservation programs that keep land in production and do not artificially limit its use are best for the ranchers and for reaching the goal of conserving our resources. Other working-lands programs that we support include the Wildlife Habitat Incentive Program (WHIP) and the Grassland Reserve Program (GRP). These programs help keep landscapes in tact, keep producers on the land, address resource concerns, and mitigate mounting environmental pressures. WHIP's cost-sharing and technical assistance provisions provide assistance to conservation-minded landowners who are unable to meet the specific eligibility requirements of other USDA conservation programs. A healthy wildlife population is generally a sign of a healthy ecosystem, which is conducive to a healthy cattle operation.

The Grassland Reserve Program, new in the 2002 Farm Bill, proved to be hugely popular. NCBA supports continued funding for the GRP program to help conserve our nation's working grasslands. Unfortunately, many ranchers are skeptical of participating in GRP because they simply don't trust the government. To solve this problem, the 2007 Farm Bill should give USDA more flexibility to allow private land trusts to hold and negotiate the terms of GRP easements. A major benefit of this approach is that if a private land trust negotiates and holds an easement, they can enforce and manage the easement at little ongoing cost to the public. The interest in conservation from the ranching community is tremendous – we just need more flexibility in current programs to make them workable.

We also believe that third parties should be able to use their own easement template for a GRP easement, as long as it includes the necessary grassland conservation restrictions. This would make the program more acceptable to landowners, allow land trusts to apply their expertise in perpetual easement management and administration, and enable GRP dollars to potentially be combined with dollars from other conservation programs.

GRP easements should have the ability to be transferred to other qualified organizations in the event of dissolution or if they are unable to fulfill their easement monitoring responsibilities. NCBA asks the Subcommittee to provide the ability to transfer GRP easements to non-profit organizations before handing over to the government in cases where the original easement holder is unable to fulfill its monitoring and enforcement duties. Landowners are very wary of an easement automatically defaulting to the government. We understand that the government must protect their

interest in the easement, but we urge the Subcommittee to build flexibility into the program to allow the easement to be transferred to another qualified land trust before it reverts to the government.

The Grassland Reserve Program has been very successful in helping landowners restore and protect grassland while maintaining the acres for grazing and haying. This is in huge contrast to programs such as the Conservation Reserve Program or CRP. Considering the fact that 28 million CRP contracts will expire over the next five years, and considering the fact that the 2007 Farm Bill will be dealing with less funding than in 2002, we believe that the CRP is one of the programs that should be considered for reevaluation and savings.

The CRP is a program designed for the purposes of reducing soil erosion, protecting water quality, enhancing habitat for wildlife, and decreasing overuse of lands not suited to farming. These are worthy goals, but we believe the USDA should consider targeting the program to acres that would produce the most significant environmental benefits. Emphasis should be placed on enrolling buffer strips, grass waterways, and only the most environmentally sensitive portions of farms so that program dollars provide the most benefit to the public. We discourage the enrollment of entire fields or farms; a practice that we believe adversely affects local economics, makes it difficult for beginning or disadvantaged producers to enter farming and ranching, and may not provide the level of environmental benefits that we believe should be the focus of the program.

With the current program, NCBA is opposed to haying and grazing on lands enrolled in the CRP program except under a few limited conditions. These conditions include:

(1) In case of drought or other emergency situation declared by the Secretary of Agriculture, including emergencies caused by fires on private or public rangelands;

(2) In the case of incidental grazing in conjunction with grazing contiguous crop residue or stubble on lands enrolled in continuous sign-up CRP or the Conservation Reserve Enhancement Program (CREP), or

(3) In the case of a USDA determination that maintenance or management is required on land enrolled in CRP to maintain plant health and proper resource management.

We believe that in all instances of haying or grazing on lands enrolled in the CRP, continuous sign-up CRP, or CREP, the payment should be reduced by the value of the forage harvested or grazed. NCBA believes that managed grazing on CRP lands should be permitted during the primary nesting season where State Technical Advisory Committees recommend it under an approved plan.

While NCBA does not support grazing of CRP lands as part of a continuous grazing program, we do support haying and grazing to maintain plant health and proper resource management when determined by the NRCS or FSA, with reductions in payments whenever appropriate.

CRP acres must be properly maintained at a higher level into the future. Problems exist due to noxious weed invasion, as well as proper growth control of desired species. This required management is often very costly and in many instances could be accomplished through very prescriptive haying and grazing. These two practices have proven very effective and efficient on private and federal lands.

Emergency use of CRP lands during a disaster declaration due to drought or fire on private or public rangelands is important to ranchers. By allowing emergency use of these lands, many livestock producers—who otherwise may have been forced out of business as a result of a disaster—are able to stay in business. We support the continued allowance of CRP lands for this reason at the designation of the Secretary of Agriculture through state advisement. We also support payment reductions when CRP lands are used in cases of disaster.

Because of a recent court decision, grazing on CRP has been limited to once every ten years. NCBA believes that managed haying and grazing is a valuable tool in the maintenance of CRP acres, both to manage the forage as well as to reduce fuel loads and to keep plant communities vibrant. We are concerned about these recent judicial actions aimed solely at wildlife concerns that do not take into consideration the environmental benefits of haying and grazing of land under CRP contracts, and ask the Committee to clarify their intent in the law.

Another program the Cattlemen support is the Conservation Security Program. CSP was a new program in the 2002 Farm Bill that rewards those of us that have been conservationists and have spent time and money in the past improving our land, water, and wildlife habitats. CSP also provides an incentive to those who have not participated in conservation programs to become involved and improve their operations which in turn will benefit the environment. NCBA is a strong supporter of CSP, but believes that necessary revisions are needed for the program to reach its full potential.

Producers are frustrated with the implementation of CSP through the watershed approach. In a given year, eligibility for the program may depend upon which side of the road an operation is on. Not knowing from year to year which watershed will be eligible does not allow producers time to prepare all of the documentation and paperwork necessary to apply for CSP. We have heard from our members that rangeland, as a general rule, ranks lower in CSP, and therefore is at a disadvantage. NCBA believes that keeping rangelands healthy is imperative, and would hope the CSP program would reflect that. We look forward to working with both the House and Senate Agriculture Committees as they work to make the revisions to this program and bring it to its full potential for natural resources and producers.

When it comes to the implementation of USDA's conservation programs, it is imperative that we ensure adequate support and technical assistance to make these programs successful. Resources must be allocated to maintain adequate NRCS personnel at the local level to provide the technical assistance necessary to implement successful rangeland conservation programs. Ranchers need a dependable and recognized source of technical assistance in order to meet rangeland conservation needs.

USDA's conservation programs are a great asset to cattle producers. We want to see them continued and refined to make them more producer-friendly and more effective in protecting the environment in a sensible manner. NCBA looks forward to working with the Subcommittee to assure any revisions to the conservation programs continue to serve the needs of cattle producers across the country. Thank you for the opportunity to express NCBA's views with you here today.

Testimony of

Doug Wolf

on behalf of the

National Pork Producers Council

for the

United States Senate Committee on Agriculture
Subcommittee on Conservation, Credit, Energy & Research

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Washington, D.C.

INTRODUCTION

Good morning, Chairman Holden and Ranking Member Lucas, and good morning to all the Members of the Committee and staff. My name is Doug Wolf. I am a pork producer from Lancaster, Wisconsin, and am a proud member of the National Pork Producers Council (NPPC). NPPC is an association of 43 state pork producer organizations. NPPC is the voice in Washington for the nation's pork producers.

I am here this morning representing the U.S. pork industry on behalf of NPPC where I serve on its Board of Directors, its 2007 Farm Bill Task Force, and its Environmental Policy Committee. I have also had very direct, personal and positive experience working on my farm to develop a Comprehensive Nutrient Management Plan (CNMP), and I have also worked with NRCS technical assistance staff in the planning, design and implementation of conservation practices on my farm. I hope my practical experiences in this regard will also be of assistance to you.

Along with my wife, son and daughter, we own and operate a mixed livestock and crop operation in the southwest portion of the state. We are a farrow to finish hog operation, raising sows and market pigs. We also raise corn, soybeans and hay. We have permanent pasture where we operate a cow-calf operation and we finish cattle at our farm. We, like our fellow pork producers and most everyone in agriculture, have always taken very seriously our responsibilities to conserve and protect the resources entrusted to us and the environment around us. We have tried to participate in, and help make successful, many of the USDA and state of Wisconsin conservation programs intended to help farmers, and perhaps we have been more active than average in this regard.

The U.S. pork industry represents a significant value-added activity in the agriculture economy and the overall U.S. economy. Nationwide, more than 67,000 pork producers marketed more than 103 million hogs in 2005, and those animals provided total gross receipts of $15 billion. Overall, an estimated $20.7 billion of personal income and $34.5 billion of gross national product are supported by the U.S. hog industry. Economists Dan Otto and John Lawrence at Iowa State University estimate that the U.S. pork industry is directly responsible for the creation of 34,720 full-time equivalent jobs and generates 127,492 jobs in the rest of agriculture. It is

responsible for 110,665 jobs in the manufacturing sector, mostly in the packing industry, and 65,224 jobs in professional services such as veterinarians, real estate agents and bankers. All told, the U.S. pork industry is responsible for 550,221 mostly rural jobs in the U.S.

The hog industry in the United States has seen rapid structural changes in recent years, yet total hog numbers have trended up since 1990. In 1990, inventories were 54.5 million head; data from December 2006 showed inventories over 62 million head. And in 2006 2.74 billion pounds of pork and pork variety meats were exported; U.S. consumers purchased 18.8 billion pounds of U.S.-produced pork. Domestic consumption of pork in 2006 was 3 billion pounds higher than it was in 1990; exports were 2.2 billion pounds higher than they were in 1990.

The U.S. pork industry today provides 21 billion pounds of safe, wholesome and nutritious meat protein to consumers worldwide. In fact, 2006 will be the fifth consecutive year of record pork production in the United States, and all indicators point to another record in 2007.

Exports of pork also continue to grow. New technologies have been adopted and productivity has been increased to maintain the U.S. pork industry's international competitiveness. As a result, pork exports have hit new records for the past 15 years. In 2006, exports represented nearly 15 percent of production.

It is without a doubt that pork producers are strong and vital contributors to value-added agriculture in the United States, and we are deeply committed to the economic health and vitality of our businesses and the communities that our livelihoods help support.

Just as importantly, though, pork producers take a broad view of what it means to be environmentally responsible farmers and business people, and we have fully embraced the fact that our pork producing operations must protect and conserve the environment and the resources we use and effect. We take this responsibility with the utmost seriousness and commitment, and it was in this spirit that our producer members made a major commitment to the Conservation Title of the 2002 Farm Bill.

We were proud of how our commitment helped support in 2002 this Committee's and Congress's efforts to dramatically increase funding for conservation programs, particularly for the Environmental Quality Incentives Program (EQIP). The re-emphasis given in the 2002 Farm Bill ensured that EQIP be directed toward helping farmers deal with their top federal and state regulatory challenges. We looked forward to enthusiastically participating in the EQIP program to help us continue to improve our environmental performance and meet and/or exceed any state or federal regulatory requirement.

Many of the challenges pork producers faced in 2002 remain with us today, and new ones have developed. We still await full implementation of the 2003 Clean Water Act's CAFO rule, which has been delayed as a result of the *Waterkeeper* decision by the U.S. Court of Appeals for the Second Circuit. We now expect the final rule to be issued later this summer. Furthermore, over the next several years, greater emphasis will be placed on the proper management of air emissions from livestock operations. As a result, pork producers see no diminishment in the need for conservation financial assistance, and the associated technical assistance delivery demands, from the 2007 Farm Bill relative to the 2002 bill. It is in this light that our comments are offered.

AVOID DISRUPTIVE CONSERVATION PROGRAM REFORMS

We strongly encourage Congress not to fundamentally overhaul USDA's conservation financial assistance programs in the 2007 Farm Bill. We believe there is a practical limit to how many complicated and disruptive changes that the USDA's Natural Resources Conservation Service (NRCS) can manage as we go from Farm Bill to Farm Bill. A tremendous quantity of NRCS's staff time in the field and in headquarters is consumed by developing new policies and learning new programs' delivery requirements that come from Farm Bill innovations. Such changes have been necessary and appropriately called for in the past, and the agency has had to cope with that as our set of conservation policies have been fundamentally reformed over the last 20 years. But there is no question that such changes can be highly disruptive and that in the process can interrupt the agency's basic and important work of delivering conservation assistance to farmers. So every effort should be made to avoid creating such disruptions wherever possible.

Major reforms, for example, were initiated in the Environmental Quality Incentives Program (EQIP) in the 2002 Farm Bill. These were good reforms, and our testimony below will discuss details in this regard. But further fundamental reforms to EQIP in 2007 would simply throw the program into disarray for a few years, and that time will be lost to NRCS and us as the agency struggles to adapt. Starting in 1985, and in every Farm Bill since, we have fundamentally changed conservation financial assistance programs or added fundamentally new ones. The 2002 Farm Bill was perhaps the most significant in this regard in terms of complexity. In general, we are of the view that the operational demands placed on NRCS to implement these changes, in the field and in headquarters, have pushed the NRCS delivery system to the breaking point. This does not help farmers, it hurts them. We encourage you to keep this in mind as you consider reforms to the conservation title.

NPPC's view on this matter should not be read as indicating pork producers are satisfied with how EQIP has performed for pork producers since the 2002 Farm Bill. Nothing could be further from the truth. Having received nationwide only about 3 percent of the total financial assistance funds made available by EQIP over the last few years, pork producers as a sector are deeply disappointed and very much want to see this situation turned around. Pork producers need EQIP's assistance to help them move forward with their advanced manure management practices and know that the environment will be the big winner if this can occur. But pork producers are also of the view that this result can be achieved with only modest, non-disruptive changes to EQIP and the program rules. We present our ideas in this regard below. We need a better performing program that by and large can be achieved without fundamental legal or rulemaking reforms.

Furthermore, NPPC will always support efforts to make the administration of USDA's conservation financial assistance programs simpler and easier wherever possible. This is because such changes could save taxpayer dollars and result in better program service for farmers. We will support legitimate and practical efforts to do this in the 2007 Farm Bill. But we caution Congress to think carefully about specific administrative reforms from the perspective of what it will do to NRCS's ability to move immediately into the delivery of programs that today, with perhaps some modest changes, will be able to work well. It is very easy to underestimate how

much time and effort it will take for agency staff to understand and implement administrative reforms. And it is not at all uncommon for so-called administrative reforms and reorganizations designed to create efficiencies and more "simplified" systems to result in even greater inefficiencies and complications and associated losses of staff time that could have been better used to deliver services under existing systems and organizations.

Our bottom line consideration is a request that the disruption to the conservation financial assistance programs be minimized as you proceed with the 2007 Farm Bill. We ask that practical, grounded consideration be given to the effects that changes Congress might institute in these programs, whether programmatic, policy, or administrative, could realistically have on the NRCS system's ability to move promptly into delivering assistance to farmers shortly after the Farm Bill becomes law.

Substantial changes appear to be needed in the Conservation Security Program, or CSP, but what is probably needed here represents the exception that proves this rule. We discuss below the need to find ways for that program to be truly national in scope, simpler to operate, simpler and more transparent for producers to understand, all the while remaining within its overall budget constraint. A complete reinvention is not needed, though, and many of the program elements in existence today should allow you to create in a straightforward manner a simpler and more effective program. We fully understand how difficult this task is, and we do not have detailed recommendations as to a path forward to this end. We also know that such changes will require considerable work from NRCS to implement. But this common-sense call to minimize disruption is a good principle to keep in mind as you work on the CSP, too.

We believe that in the case of EQIP and the other conservation financial assistance programs, Congress has in place a good basic platform for the delivery of financial assistance from which NRCS and producers can operate. These programs can be fine tuned, and we offer some suggestions along these lines below. But major extensive additions or complications are not called for in these programs at this time.

NEW DIRECTION FOR CLEAN WATER ACT CAFO POLICY

Pork producers, along with others in the livestock and poultry sectors, called on Congress in 2002 to increase substantially the funds dedicated to EQIP. We were facing at that time the anticipated completion in 2003 of a Clean Water Act (CWA) National Pollution Discharge Elimination System (NPDES) rulemaking applicable to animal feeding operations (CAFOs). The 2003 CAFO rule was expected to establish unprecedented environmental requirements on CAFOs, including several thousand pork operations. We, along with the rest of the agricultural and conservation community, appreciated that Congress was able to increase the amount of funds in EQIP in 2002 with the purpose of helping producers comply with federal and state environmental requirements.

The final CAFO rule issued in 2003 did make many of the regulatory changes that had been anticipated, but its issuance was not the end of the policy development process. Subjected to legal challenges across the country after its issuance, all of which were consolidated in the U.S. Court of Appeals for the Second Circuit, the rule was fundamentally revised in two key areas by the court's decision in the so-called *Waterkeeper* case. The court also reaffirmed a key exemption for CAFOs under the CWA. The Environmental Protection Agency (EPA) is now in the final stages of reissuing a CAFO rule to reflect the *Waterkeeper* decision, and that rule is expected later this summer or fall, just as the 2007 Farm Bill should be getting completed for implementation. The net result of these changes, in our view, is that pork producers, and the entire livestock and poultry sectors, need a well-funded and properly functioning EQIP now as much as they did in 2002.

First, the court said in *Waterkeeper* that only a CAFO that is discharging manure into waters of the U.S. can be required to get a Federal NPDES CWA permit. *Waterkeeper* did **not** say that CAFOs could discharge. *Waterkeeper* said that those that are not discharging or planning to discharge cannot be required to get a permit. CAFOs must still not discharge, or face the prospect of substantial penalties under the CWA. Second, *Waterkeeper* said that those CAFOs that are getting an NPDES permit must include with their permit application their Nutrient Management Plan, or NMP, and that the public must be given the chance to review and comment

on that permit, and the regulatory agency must review and approve the permit terms in that NMP.

The court also affirmed the CWA's key agricultural stormwater exemption for which CAFOs appropriate land application practices would qualify. The court found that any CAFO that is using "appropriate" manure agronomic land application practices, along with "appropriate" soil and manure testing practices and "appropriate" record keeping, qualifies for the CWA's agricultural stormwater exemption, and the runoff that may be occurring from this land does not constitute a point source discharge.

The overall result of the court's decision has been to create a policy whereby CAFOs **must** avoid manure or waste water discharges from their animal production areas, and they **must** be properly applying manure to land they control. Not to do so will subject them, potentially, to substantial and costly penalties. But all of these water quality protections can be accomplished under *Waterkeeper* **without** the CAFO having to get an NPDES permit. NPPC is of the view that this is a strong and worthwhile development. Producers have strong incentive to properly manage their manure but can do so without having to go the further expense and difficulty of getting a federal NPDES permit and in the process also saving the taxpayer the not inconsequential cost of the regulatory agency having to manage and oversee that permit.

But the *Waterkeeper* decision did something else. High quality, well-performing manure containment and nutrient management practices are as important as they were in 2002, and for that CAFO deciding not to get an NPDES permit, maybe even more so. It was critically important that Congress add substantial new funding to EQIP in 2002, and in light of *Waterkeeper* and the revised CAFO rule to be issued, that funding must be preserved under the 2007 Farm Bill and continue to be available to producers seeking assistance with meeting their regulatory requirements.

IMPROVING EQIP'S PERFORMANCE

As we noted above, while we do not think that fundamental policy or administrative reforms to EQIP are needed or desirable in the 2007 Farm Bill, this view should not be read as pork

producers' satisfaction with how EQIP has performed under the 2002 Farm Bill. We have testified several times before the House and the Senate over the last few years where we have documented the program's failures with respect to pork producers, and we have offered our views as to why this has occurred. We refer you to that testimony for documentation of this record. NPPC also has appreciated the efforts of the leadership of NRCS to correct this situation over the last few years, and we believe that with some modest changes to the statute, EQIP should be able to provide a more reasonable level of assistance to pork operations.

Sustain EQIP's funding level

It is imperative that EQIP's funding not be eroded in the 2007 Farm Bill. As noted above, the evolving CWA regulatory program applicable to CAFOs means the $1.3 billion a year in EQIP's baseline is needed now as much as in 2002. Furthermore, there is another significant environmental challenge that will soon be facing pork and other livestock and poultry farmers – compliance with the Clean Air Act and possibly with other federal statutes dealing with air emissions. EQIP must be available over the course of the 2007 Farm Bill to help producers adopt air emissions mitigation technologies and practices, and we offer specific suggestions below for how this can be assisted in the context of swine operations.

Furthermore, the period covered by the 2007 Farm Bill will be one where livestock producers will have significant opportunities to make positive contributions to the country's efforts to develop greater renewable fuels supplies and to reduce or offset greenhouse gas emissions. Funds from EQIP can be of tremendous assistance in helping pork producers adopt advanced manure management practices to generate renewable fuels such as methane for firing boilers or driving electricity generation and in the process, to make a significant contribution to reducing overall greenhouse gas emissions. We also offer below specific thoughts on this subject.

The bottom line consideration, given all these needs and opportunities, is that we continue to be major supporters of EQIP and ask that Congress retain the funding in its baseline for EQIP purposes to help ensure these needs can be met.

Reemphasize EQIP's priority on regulatory assistance

The 2002 Farm Bill re-emphasized that one of EQIP's top priorities is to help producers meet their pressing federal and state regulatory compliance needs. In light of the discussion above, the need for this emphasis has not diminished, and we ask that the Committee make a meaningful statement to this effect during the Farm Bill reauthorization.

EQIP's current payment limitation is sound

The 2002 Farm Bill amended EQIP to create a payment limitation for the amount of assistance a producer could receive, limiting it to no more than $450,000 per producer from all EQIP contracts that the producer might hold. The Soil and Water Conservation Society (SWCS) and Environmental Defense recently jointly issued a report evaluating EQIP's performance under the 2002 Farm Bill and noted that this payment limitation provision was opposed in some quarters and was the source of concern that it would skew EQIP's financial assistance to larger producers. (See "*Environmental Quality Incentives Program (EQIP) Program Assessment,*" March 2007, by the Soil and Water Conservation Society and Environmental Defense). But as their report discusses, this has not occurred. The average size of an EQIP contract from 1997 to 2001 was almost $8,000, and since 2002 that has increased to almost $17,000. But this remains only 4 percent of the total amount of funds that would be allowed under the 2002 limitation. The SWCS and Environmental Defense report states that "raising the contract limit has not resulted in a significant shift in funding to a smaller number of much larger contracts." (See *EQIP Program Assessment,* page 9). NPPC supports the current payment limitation and does not believe it needs modification in either direction.

EQIP's current size-neutral orientation is sound

The 2002 Farm Bill also amended EQIP to make it size-neutral when it came to operations seeking EQIP assistance. The 1996 version of EQIP prohibited large livestock operations from receiving financial assistance for structural, manure management facilities. The 2002 Farm Bill removed this prohibition. This entire matter has been among the most contested issues in EQIP since the program was created in 1996. NPPC argued for the removal of this provision in 2002 on the basis of the common sense view that it fundamentally defeated EQIP's environmental purpose by ensuring that the vast majority of livestock producers managing the largest proportion of the country's manure were not eligible for manure management assistance from

EQIP. In light of this and the then-pending CAFO rule requirements, which created a need to help commercial livestock and poultry operations deal with the rule's costs to prevent further consolidation in the industry, this limitation needed to be removed. Congress made the decision to do so.

The SWCS and Environmental Defense *EQIP Program Assessment* report discusses this matter. It notes, despite some data limitations, that "the data do suggest, however, that the majority of EQIP financial assistance is not going to practices and operations that were previously prohibited from receiving that assistance." (See page 12). Pork producers believe that in their case the statement can be even stronger. As we can attest, and as the species specific EQIP data available from 2003 to 2005 clearly shows, pork producers both small and large in total only received about 3 percent of all EQIP financial assistance over that period. Large pork producers have clearly not been major recipients of EQIP assistance. NPPC believes that Congress must keep EQIP size-neutral if it is to be able to achieve its environmental goals and does not believe this provision needs any modification in the 2007 Farm Bill.

Livestock operations receiving 60 percent of EQIP funds

NPPC supports continuation of the current policy in EQIP whereby 60 percent of the program funds are to support the conservation and environment work of livestock producers. The fact is that many of these producers use the EQIP funds they receive either in support of better manure management in the context of their associated crop fertility programs or for better forage and pasture management. Given livestock producers enormous regulatory challenges, the use of our manure in context of cropping operations and the foundation that we represent for the nation's feed grain producing sector, we believe the need remains for this provision, and we support its continuance.

EQIP and wildlife

Pork producers support wildlife and wildlife habitat. Many of our producers take an active interest in promoting wildlife and wildlife habitat on their farms and in their communities. In this context, NPPC continues to support the use of USDA conservation financial assistance for wildlife habitat. At the same time, pork producers do not believe that wildlife purposes need to

be incorporated into each and every conservation financial assistance program. Doing so in EQIP has created frustration and problems when producers find themselves competing against wildlife interests and producers seeking wildlife assistance from EQIP when a pork producer is seeking assistance with critical manure management issues to protect water or air quality. Certainly, as we discuss in greater detail below, in no instance should a pork producer's EQIP application for manure management assistance ever be ranked alongside applications for wildlife assistance. We encourage Congress to consider making this explicit in the EQIP statute.

We also note that the SWCS and Environmental Defense report came to essentially the same conclusion with respect to ranking applications. We include here the summary statement (*See* page 2) in its entirety as it makes this point so clearly:

> *Many states rank diverse EQIP applications against each other, which requires difficult "apples and oranges" comparisons. For example, it is very difficult to compare an application proposing to implement a rotational grazing system with another application proposing to apply integrated pest management, or to compare an application proposing to protect at-risk species habitat with an application proposing to construct a manure management facility. Applications proposing to address the same resource concerns should be compared to each other, and those applications that most effectively and efficiently address that resource concern should be selected. NRCS state offices could better accomplish their conservation goals by first allocating funds to different resources of concern and then using different ranking systems specifically designed to compare the relative effectiveness of applications in addressing each individual resource concern.*

EQIP must remain available to producers everywhere

NPPC believes that pork and all agriculture producers facing conservation and environmental challenges need to have a fair and open shot at receiving EQIP assistance. The 1996 EQIP's emphasis on working in only a limited number of geographic priority areas was one of the most unpopular elements of that Farm Bill's conservation title among producers and had to be

changed in 2002 if that program was to be able to continue, let alone grow substantially. Under no circumstances does NPPC believe that current baseline funds in EQIP now available across the U.S. should be redirected to programs targeted to specific portions of the country. If new funds can be added to EQIP to increase the scope of its reach, we can support the use of some of these funds in geographically targeted areas. But the underlying program must remain broadly available if we are to ensure widespread producer support for and use of the program.

EQIP Conservation Innovation Grants should be continued

NPPC believes that the Conservation Innovations Grant (CIG) option in EQIP has been a very worthwhile programmatic innovation and that CIG should be continued under the 2007 Farm Bill reauthorization.

Some specific refinements to EQIP

As noted above, pork producers and NPPC are not satisfied with the extremely small amount of assistance provided to swine operations under EQIP since the 2002 Farm Bill. While this must change during the implementation of the 2007 Farm Bill, we believe that relatively modest refinements in the EQIP statute and regulations would permit the program to perform more fairly and reasonably. The particular modest changes to EQIP we are seeking follow below:

- **We request that EQIP be amended to provide more streamlined treatment of EQIP applications for assistance involving the adoption of individual high-value practices that intensify the environmental performance of an already high-performing system.**

  Pork producers' experience with the EQIP application process to evaluate requests for conservation financial assistance is that it commonly undervalues and denies those applications from pork producers involving a limited number of practices with high environmental benefits. Pork producers have invested heavily in advanced manure management systems that involve both storage (and often times treatment) of their animals' manure for several months, nutrient management planning and agronomic manure application practices. Under the Federal Clean Water Act (CWA) CAFO rule to

be issued later in 2007, in conformance with the decisions of the Second Circuit Court, all swine CAFOs will need to have zero discharge from their production areas and use "appropriate" land application practices. CAFOs meeting these requirements will not have to get a federal CWA permit, and many will choose not to get a federal permit. But even if no federal permit is used, in essentially all of the major swine producing states, these operations are subject to a state water quality permit or requirements, where the state permit or requirements represent the comprehensive environmental and conservation management of the manure and land resources involved in the farming system.

Swine producers with these advanced manure management systems are at a considerable disadvantage when applying for EQIP funds. This is because they are commonly looking to EQIP to assist them with the adoption of one or a limited number of targeted practices that raise the intensity of manure management of their operations and are simply elevating even further the level of manure management performance of their system. In practice, such EQIP applications with a limited number of practices are given extremely low priority relative to applications for a larger number of practices, and subjecting them to a full blown EQIP application ranking and evaluation process is a poor use of federal resources and a source of considerable frustration for all involved. This means that swine producers, whose added practice or practices would add considerable environmental benefits on a dollar for dollar basis, are being penalized for the previous environmental and conservation investments on their farms, and the immediate and considerable environmental improvements that would have been possible are not attained;

- **We request that states be encouraged to create separate EQIP funding pools, where each of the pools represents a similar type of farming or ranching system seeking similar types of assistance.**

Producers from an extremely diverse set of farming or ranching production systems with extremely diverse conservation needs come to EQIP seeking assistance. Each of the major categories of farming systems – specialty crop producers, row crop producers, grass-fed or non-confined livestock or poultry systems and animal feeding operations

with animals in housing or confinement – are highly unique in their conservation needs and circumstances and commonly require very different types of assistance from EQIP. But in many states, the process for selecting among applications for EQIP assistance from all of these types of operations involves evaluating all of them together in a single pool after attempting to rank them on the basis of their environmental and natural resource benefits. This process unavoidably ends up creating an "apples and oranges" evaluation system. These operations and their conservation needs cannot be accurately evaluated and compared to each other, and the results are rightfully perceived as confusing at best and unfair at the worst, despite the best efforts of NRCS to be fair and accurate given the information available to them.

This situation can be avoided to a great extent, if not completely, by creating at the state-level separate pools of EQIP applications representing comparable types of farming and ranching operations with conservation or environmental needs that are as comparable as possible. A pool of EQIP funds at the state level for animal feeding operations all seeking to improve their manure management systems to protect water and/or air quality can be evaluated as a group and selections made from among them. A similar pool can be created for grass-fed or non-confined livestock and poultry operations. A similar pool can be created for row crop operations and also a pool for specialty crop operations. Exactly how this could be best done will depend on the state, the production systems in that state and their conservation needs. But accuracy and transparency in NRCS's application and evaluation process would result if states adopt this general approach of creating pools of comparable operations and needs.

The EQIP statutory language governing the EQIP application evaluation process is simple and straightforward. The Secretary is directed to create a process that gives a higher priority to assistance and payments that encourage the use of cost-effective conservation practices that address national conservation priorities. NPPC does not believe that this statutory language needs to be amended in that it provides adequate flexibility for the Secretary to create the evaluation process deemed needed. But NPPC requests that Congress express in report language the clear need for the Secretary to

create a process at the state level where to the extent possible comparable types of farming or ranching operations with comparable environmental needs are ranked and evaluated, and that such an approach could include the use of separate funding pools intended for this purpose.

- **We request that EQIP be amended to reflect that a CAFO's state or federal water quality permit, by addressing the multiple and relevant aspects of sound manure management on the farm, should be treated as the equivalent of an EQIP plan.** As stated above, pork producers have invested heavily in advanced manure management systems. Further, under the forthcoming CAFO rule, all swine CAFOs will need to have zero discharge from their production areas and use "appropriate" land application practices. CAFOs meeting these requirements will not have to get a federal CWA permit, and many will choose not to get a federal permit. But even if no federal permit is used, these operations are going to be subject to a state water quality permit with requirements that represent the comprehensive environmental and conservation management of the manure and land resources involved in the farming system. Essentially, this state or federal permit constitutes all of the elements of an EQIP plan as it relates to manure management on the operation, and the EQIP statute should reflect this.

- **We request that the provisions governing the use of technical service providers (TSP) relative to EQIP be amended to facilitate the greater provision of conservation and nutrient planning and assistance from non-federal employees.**

  Consistent with the amendments made to EQIP in the 2002 Farm Bill, NRCS is now allowing EQIP participants to receive EQIP financial assistance funds to acquire from a TSP a CNMP. The financial assistance funds are limited by each state to reflect the costs of acquiring the CNMP from the TSP. But EQIP's statutory authority does not allow for these financial assistance funds to be used by NRCS to contract directly with TSPs for the provision of CNMP development to multiple producers. As a result, some farmers may find that what is required of them in terms of paperwork, management and oversight of the TSP is so great that they do not want to get involved. Significant economies of

scale and efficiencies would be possible if NRCS were also able to use these financial assistance funds to contract directly with TSPs so that a single TSP could develop CNMPs for multiple producers. The benefits would include:

1. Efficient NRCS quality control. Once NRCS knows in great detail and with certainty a particular TSP and who will be users on multiple projects for multiple farmers, NRCS really only needs to check closely the work product for the first few projects to ensure they are being done correctly. NRCS then reviews the remaining work products but can devote a much lower level of scrutiny. This saves NRCS time and money – and will save the producer time and money as well because fewer farmers will be waiting for NRCS approval before people are paid.

2. NRCS financial paperwork and accountability. While paperwork will be required of a TSP who is working on a set of projects under contract with NRCS, NRCS will be dealing with only one provider who will know and use properly the financial management systems with fewer errors and delays, and only one check will need to be cut. Audits of such work will only require an audit of one business relationship, not several.

Similar economies of scale are possible, in practice, when producers are choosing to work with a TSP or TSPs whose work quality is well known to NRCS. This is a matter of administrative practice that needs to be considered and evaluated by NRCS to ensure that all possible efficiencies and taxpayer savings are being realized. However, the bundled contracting approach and its possible taxpayer-benefiting efficiencies and the potential for reducing farmer hassle, are simply not possible under current EQIP law when it comes to use of EQIP financial assistance funds for TSP work.

- **We request that Congress express its further support for using EQIP to establish manure management systems that can digest manure for methane production and greenhouse gas capture:**

Finally, farm biogas recovery systems at pork production facilities have the potential to provide not only a cost-effective source of clean, renewable energy that reduces greenhouse gas emissions but can also have a significant impact in reducing the environmental footprint of a swine CAFO. While EQIP funds are currently available for the installation of anaerobic manure digesters, Congress should provide additional encouragement to USDA to ensure that this support materializes.

CONSERVATION SECURITY PROGRAM

A relatively small number of pork producers have sought to or have participated in the Conservation Security Program (CSP), and as such, it has not been a priority focus of NPPC. As a result, it is much more difficult for us to formulate the same kind of in-depth observations and suggestions for CSP as we have provided with respect to EQIP. At the same time, many of our most experienced conservation farmers in the pork producing sector have taken part in the program, or sought to do so, and we therefore do have some body of experience from which to offer you observations. Furthermore, we have heard from pork producers who might have sought to participate in the program or who tried to do so and did not qualify for one reason or another. We also recognize that Congress has made a serious commitment to adhering to pay-go budgeting and spending principles and that there is not a large sum of new money to be used to fundamentally amend or expand CSP. We understand, therefore, that significant challenges face Congress as it decides how to work with the CSP foundation to create a program that works for producers and is sustainable for years to come. Our limited observations as to what you should consider as you struggle with this are presented below.

First, we cannot emphasize enough the need to develop a program that is legitimately national in scope. It is very hard to create any type of real grassroots momentum for a program and its objectives if the grassroots has not significant, ongoing opportunity to participate. Second, we believe that the program must be made simpler for the agency to implement, simpler for farmers to understand and more transparent for all involved. In particular, we suggest that collapsing the current three tiers into two tiers would allow the program to continue to achieve its environmental objectives with a greater level of simplicity. Third, one way to make the program

more practical and transparent to farmers and all involved is to ensure that CSP payments are closely tied to what it actually costs, or at least a best estimate of what it actually costs, for a producer to adopt or maintain the practices called for under the tier. Fourth, every effort must be made to create greater certainty and predictability to the application approval and contract funding process over the course of the program year. Determinations of a producer's eligibility, notification of approval or disapproval to producer applicants and the disbursement of funds to contract holders during the program year need to be more predictable and timely.

INCREASING THE CONSERVATION RESERVE PROGRAM'S EMPHASIS ON TARGETTED ENVIRONMENTAL BENEFITS

NPPC continues to support the Conservation Reserve Program (CRP) whenever it can be focused on retiring lands providing the highest environmental and conservation benefits. We believe that in most instances this means a focus on enrolling portions of fields, leaving the remainder available for feed and food production. As a result, we have significant concerns with the current CRP's contract acreage, which remains overly concentrated on the retiring of entire fields and in many cases entire farms that could be productively involved in food, feed and fiber production while conserving the associated soil, water and even many of the wildlife habitat resources.

Our concerns in this regard are only exacerbated by the dramatic increases in demand for corn for grain ethanol, the large and record number of estimated corn acres to be planted this spring notwithstanding. We are only one significant drought or significant crop disease outbreak from a dramatic run-up in feed prices and serious feed shortages. It is for this reason that we support the Secretary's recent decision not to hold further CRP signups at this time to replace any of the contract acres not being extended or reenrolled. We encourage Congress and the Secretary to ensure that there are no new signups to replace acres not being reenrolled or extended under current contracts until we get through the 2008 crop year.

Furthermore, we believe this Farm Bill should continue to provide the Secretary with the authority to allow early exit from the CRP without penalty, as this remains an important possible safeguard during this time of short supplies. We believe the Secretary may need to reconsider his

recent decision not to offer such a penalty-free early exit for existing contract holders, and we ask the Committee to monitor the evolving supply and demand situation closely and, if appropriate, urge the Secretary to take a second look at this issue.

Finally, NPPC believes with others that to help the country meet its energy independence objectives, we must be able to create capacity to generate ethanol from cellulosic feedstocks. We support Congress's efforts to determine if CRP contract holders should be allowed to harvest biomass crops such as switchgrass for energy production from CRP acres without loss of rental payments, taking environmental considerations into account.

CONCLUSION

The National Pork Producers Council and the many pork producers we represent, thank you for holding this hearing and allowing us to share the U.S. pork industry's thoughts on this critical legislation. We respectfully request your continued and focused attention on the matters we have brought to you today, and we look forward to working with the committee.

Testimony of Dr. Slade Lail
Before the
House Committee on Agriculture
Subcommittee on Conservation, Credit, Energy, & Research
April 19, 2007
On Behalf of the American Forest Foundation and American Tree Farm System

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My name is Slade Lail. My family has owned forest and farm land in Georgia since 2000. We have actively managed our forests since 2000.

Although I'm a dentist in Duluth, Georgia, today is not about dentistry. It is about my other passion: my family's forest land. I'm here today as a representative of the American Forest Foundation, and the American Tree Farm System – a community of 90,000 family forest owners who, like me, have pledged to manage their forests to the highest standards of sustainability.

If ever there was a time when we needed to have a serious talk about the future of these family owned forests in Georgia, in the South, and nationwide – it is now.

Most forests in this country are owned by individuals and families like mine. There are 10 million of us nationwide. Nearly half of us own more than 10 acres, but few of us are timber barons. We're dentists, truck drivers, insurance salesmen, nurses, teachers, Congressmen – even a few Presidents are in the bunch. Most of us own fewer than 100 acres.

But together, we are part of an engine that drives rural economies, preserves our rural communities and traditions, and protects our rural environment.

Take Georgia, my home state, for example. I am one of the 650,000 family forestland owners in Georgia. We grow Georgia's highest valued crop – timber is a crop, just like the others you've heard about today. That crop supports over 68,000 jobs and generates nearly $23 billion for the state's economy. South-wide, the forest crop supports an industry that generates $120 billion of total output. And the story is similar in other parts of the country.

Just as important are the environmental benefits these forests provide. EPA estimates that 70 percent of US watersheds flow through private forest land. Of the nation's most threatened watersheds, all depend on good forest stewardship to help protect drinking water. These forests also provide critical habitat for wildlife – endangered species as well as some of our most prized game species. About three-fourths of all hunters and anglers pursue their sport on private lands. And generate dollars for rural communities..

I could go on, Mr. Chairman, but I think the picture is clear. Family-owned forests are part of the bedrock of a healthy environment, our city drinking water, our precious wildlife, not to mention the rural heritage we treasure.

But that bedrock is being chipped away. Family forest owners are one of the nation's most vulnerable endangered species, and our forests are fast disappearing from the landscape, just like the American Chestnut tree.

Right here in Georgia, well over a million acres of forest have been developed in the past decade. That is the equivalent of paving a parking lot the size of Hancock County – where I own my forest land – every three years!

If you look at the nation overall, the picture is just as bleak. We are losing about 1.5 million acres of family forests a year – about the size of Everglades National Park every year. This isn't a rural issue or an urban issue, a farm issue or a forest issue. It's bad news for all of us:

- It's bad news for rural communities that depend on forest-based industries to generate a huge share of their income, and some of their best jobs.
- It's bad news for our urban neighbors who depend on family-owned forests for clean air, clean water, wildlife habitat, healthy watersheds and for the green space that surrounds their cities.
- It's bad news for the hunters and anglers who depend on private lands for their sport. And that includes, I might add, Governor Sonny Perdue who took a wild turkey on my property two weeks ago.
- And finally, it's bad news for families like ours who have been good stewards for generations and would like our children and grandchildren to have the same opportunities we did.

Please understand me. I'm not anti-growth or anti-development. For some owners, the opportunity to earn a return on their investment in land through development makes a lot of sense.

However, family forest owners want the opportunity to consider other choices too: to keep their forests healthy, growing and working, to improve the environment, keep rural communities intact and local economies strong.

In my case, having access to funds from EQIP made it easier for me to make that choice.

My EQIP project involves controlled burning under mature pine and hardwood stands. This helps to reduce undesirable tree species in the understory, reduces fuel for potential wildfires, and benefits wildlife by encouraging new growth. EQIP has also allowed us to establish water bars that help control erosion, therefore improving water quality. I've recently been approved for additional EQIP funding for thinning a pine stand and establishment of native grasses.

Many other landowners have been afforded the same opportunity. We've made great progress since the 2002 Farm Bill. Forestry spending through EQIP now totals some $20 to $25 million annually. Congress and NRCS – from the leadership to the state conservationists have done a lot to include forest owners in EQIP and other programs like WHIP. And we deeply appreciate these efforts – especially since, with FLEP gone, there is no other forestry cost-share program available for forest owners like me.

However far we've come, I personally believe we can do more.

Many forest owners in many states have been unable to access EQIP and other NRCS programs. Part of the problem is cultural. NRCS grew up to serve farmers and it is organized to do that – and do it very well. We need to help family forest owners get in the door in every state, so their conservation needs can be considered.

Another part of the problem is money. There's not enough of it to meet current demand, and there very well could be less available in the future. This puts a high premium on careful planning and priority-setting at the state level – so we can insure forest projects can compete where conservation action is needed.

Right now, forestry expenditures account for something less than 2 percent of total outlays through EQIP. I hope we can do more for forest conservation. But the current fiscal climate demands we do it smart.

That's why we favor a Federal initiative that supports state-level planning … planning that looks beyond just forests to their relationship to state and local plans for wildlife, water and green space issues as well.

By assuring that all players – Federal and state level – come to the table and agree on a long-term strategy, we can identify the highest priority forest conservation needs, and determine how and through which programs we can address them. We can set benchmarks for progress, so we'll know what works and what doesn't – and whether we've accomplished the goals we set for ourselves. Whether enacted through the Conservation Title or Forestry Title, comprehensive planning and transparent priority-setting will benefit farmers as well as forest owners, whatever crop they grow.

Second, we would like to see funding for forest conservation reach a level commensurate with the public's stake in sustaining these family-owned forests. In the current climate, we know we won't get there tomorrow, perhaps not anytime soon. But we applaud your efforts to begin the process, and we pledge to work with you in any way we can.

Third, as a dentist, I learned pretty quickly that people will work hard to help themselves – if they know what to do, and if they're confident in their ability to do it. It's the same with forestry. Unfortunately, many family forest owners – especially new owners – don't understand how active management practices can do more to keep their forests healthy and growing.

At the same time, all the organizations and agencies that traditionally reached out to these owners are starved for funding. The centerpiece for these efforts – our state forestry agency – struggle with continually shrinking budgets. USDA funding for forestry extension has never exceeded a few million dollars. Often, provisions for technical assistance aren't fully integrated into or funded by the largest conservation programs. This translates into the reality that well-educated and well-intended family forestland owners are not aware that help is available and implementation of active management practices is beneficial.

I hope the 2007 Farm Bill will re-energize existing vehicles and spur development of new and creative delivery systems for outreach, education and technical assistance.

A well-funded Forest Stewardship Program will be critical, along with new approaches to knitting together the work done by the Forest Service, NRCS, Extension and the various state agencies that "connect" with family forest owners. Experience with EQIP in Montana demonstrates how state forestry agencies and NRCS can work together to efficiently provide the technical assistance needed to implement conservation projects on the ground.

But government needn't do it all, or do it alone. Non-governmental organizations like the one I represent can play a key role in outreach – through field days, publications, and by encouraging our 90,000 members to visit their neighbors and show them the benefits of better forestry. To kick-start these kinds of efforts, we urge Congress to authorize funding of $25 million for the Sustainable Forestry Outreach Initiative established in the 2002 Farm Bill.

There are so many different agencies and organizations – public, private and non-profit – interested in forest conservation. All make a unique contribution, but if we find ways to weave their efforts together, we'll be able to do more, and do it more creatively. We'll be able to build flexibility into the total system so we aren't trapped with 1940's tools to reach 2007 landowners, and we'll be able to produce better results more efficiently.

Fourth, we need to find practical ways to generate renewable energy from forests – via cellulosic ethanol or other via wood-to-energy technology. We urge Congress to support research and pilot projects that establish practical ways for family forest owners to participate in these markets. At the same time, we need to better understand how increased use of wood for fuel and energy will affect the environment, communities and traditional wood-based economies.

Fifth, we need to find income streams for all the other goods produced from family forests – especially the ones you can't chip or saw. Carbon sequestration, wetlands banking, endangered species protection are all services we, the public, need from family forest owners. We are excited by the prospect of establishing private markets in which owners of working forests can participate.

At the end of the day, the future of our nation's forests will depend as much on decisions made at the kitchen table, as on decisions you make around this committee table. The best forest conservation policy, then, is the one that helps folks make the best kitchen-table decisions, the ones that are right for their family and their heirs.

I'm a realist. I know this is going to come down to dollars, and there aren't many of them out there.

But I believe the debate over forests in the Farm Bill shouldn't be seen as "us" versus "them." It's not about farm states versus urban states, red states versus blue states, commodity crops versus timber crops. We truly are in this together. We all share the same ultimate goal -- to keep rural America a vibrant, vital and growing part of our economy, our environment, and our national life.

TESTIMONY OF

DAVID NOMSEN, PHEASANTS FOREVER
BARTON JAMES, DUCKS UNLIMITED
JEN MOCK SCHAEFFER, ASSOCIATION OF FISH AND WILDLIFE AGENCIES

PRESENTED BY:
DAVID NOMSEN, PHEASANTS FOREVER

REPRESENTING THE VIEWS OF:
AGRICULTURE AND WILDLIFE WORKING GROUP
AND THE
AMERICAN WILDLIFE CONSERVATION PARTNERS

BEFORE THE

SUBCOMMITTEE ON CONSERVATION, CREDIT, ENERGY, AND RESEARCH
COMMITTEE ON AGRICULTURE
U.S. HOUSE OF REPRESENTATIVES

ON

2007 FARM BILL CONSERVATION PROGRAMS

APRIL 19, 2007
LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, DC

Mr. Chairman, members of the Committee, my name is Dave Nomsen. I am the Vice-president of Governmental Affairs for St. Paul, MN based Pheasants Forever (PF) and Quail Forever. In my role with PF I serve as co-chair for the Theodore Roosevelt Conservation Partnership (TRCP) led Agriculture and Wildlife Working Group (AWWG), as well as the current Vice-chairman of the American Wildlife Conservation Partners (AWCP). I am joined here today by my two fellow co-chairs Jen Mock Schaeffer from the Association of Fish and Wildlife Agencies, and Bart James from Ducks Unlimited of the AWWG to offer recommendations on the 2007 Farm Bill conservation programs on behalf of these two large coalitions. Collectively, our members and supporters represent a sizable cross-section of our nation's citizenry, and we appreciate the increased role and importance of conservation in agriculture and its role in private land stewardship that has led to consensus and partnerships among government and private interests, including farm and commodity groups, individual farmers and ranchers, and hunters and anglers.

Over the past two years AWWG partners made up of 16 of our country's leading hunting, fishing, and conservation organizations outlined goals and made deliberations about the future of agriculture conservation programs. We received input from America's farmers, ranchers, foresters, US Department of Agriculture personnel, Congressional staff, and resource professionals with state and federal agencies. As a result of this effort, participating organizations in AWWG reached consensus on a set of recommendations, and released a report entitled *Growing Conservation in the Farm Bill.* Organizations represented by the AWWG include:

Association of Fish and Wildlife Agencies * American Sportfisheries Association * Ducks Unlimited * Izaak Walton League of America * Max McGraw Wildlife Foundation * North American Grouse Partnership * National Wildlife Federation * Pheasants Forever * Quail Forever * Quail Unlimited * Ruffed Grouse Society * The Nature Conservancy * The Wildlife Society * Theodore Roosevelt Conservation Partnership * Trout Unlimited * Wildlife Management Institute

AWCP is a coalition of our nation's leading wildlife conservation and hunting organizations. 36 AWCP member organizations have reached consensus on recommendations for 2007 Farm Bill conservation programs. These recommendations are complementary to those presented by the AWWG and were recently communicated to Chairman Peterson and Ranking Member Goodlatte. As you can see, the vast majority of our nation's wildlife conservation and sporting organizations signed this correspondence supporting a comprehensive array of conservation policies and programs as part of the 2007 Farm Bill.

Archery Trade Association · Association of Fish and Wildlife Agencies · Bear Trust International · Boone and Crockett Club · Bowhunting Preservation Alliance · Campfire Club of America · Congressional Sportsmen's Foundation · Conservation Force · Dallas Safari Club · Delta Waterfowl · Ducks Unlimited · Foundation of North American Wild Sheep · Houston Safari Club · Izaak Walton League of America · Mule Deer Foundation · North American Bear Foundation · North American Grouse Partnership · National Rifle Association · National Shooting Sports Foundation · National Trappers Association · National Wild Turkey Federation · Orion The Hunters' Institute · Pheasants Forever · Pope and Young Club · Quail Forever · Quail Unlimited · Quality Deer Management Association · Rocky Mountain Elk Foundation · Ruffed Grouse Society · Safari Club International · Texas Wildlife Association · The Wildlife Society · Theodore Roosevelt Conservation Partnership · US Sportsmen's Alliance · Wildlife Forever · Wildlife Management Institute

April 6, 2007

The Honorable Collin C. Peterson
Chairman
House Committee on Agriculture
1301 Longworth House Office Building
Washington, DC 20515

The Honorable Bob Goodlatte
Ranking Member
House Committee on Agriculture
1301 Longworth House Office Building
Washington, DC 20515

Dear Chairman Peterson and Ranking Member Goodlatte:

The following organizations offer these recommendations as top priorities for inclusion in the conservation title of the 2007 Farm Bill. We are all members of the American Wildlife Conservation Partners (AWCP) and collectively we represent millions of our Nation's sportsmen and sportswomen. Farm Bill conservation programs represent the opportunity to properly manage lands for soil, water, and wildlife resources. We appreciate the Committee's long history of support for conservation programs which benefit wildlife, and we are mindful of the unprecedented competition for dollars as you develop this farm bill. With this in mind, the organizations listed below would appreciate your consideration of these priorities should funding resources allow:

American Wildlife Conservation Partners
Conservation Priorities for the 2007 Farm Bill

- **Conservation Reserve Program (CRP)** – Reauthorize USDA's most successful conservation program and ensure the competitive viability of the program. Overall CRP acreage should expand to 45 million acres.
- **Wetlands Reserve Program (WRP)** - Increase America's number one wetlands restoration program to 300,000 acres per year to improve wetlands conservation, mitigate wetlands loss, provide migratory bird and fisheries habitat and improve water quality.
- **Grasslands Reserve Program (GRP)** - Increase GRP to 2 million acres per year. Require that a minimum of 60 percent of the agreements are long term easements of 30 years or more. Provide incentives for large tract non cropland native grasslands.
- **Wildlife Habitat Incentives Program (WHIP)** - Gradually increase the WHIP funding from $100 million to $300 million over the course of the 2007 Farm Bill with a significant portion of new funds targeted for aquatic restoration activities, including instream habitat improvement projects. Enhance conservation partnerships and program benefits by incorporating the assistance of states, municipalities and non-government organizations to deliver and manage WHIP.
- **Access** – Include a provision based upon "Open Fields" legislation, S. 548/H.R. 1351 in 109th Congress, to provide $20 million per year in grants to fund state-managed voluntary access programs. Program funds shall be used to enhance wildlife management and improve recreational opportunities on land enrolled in farm bill conservation programs.

- **Forestry** - Increase technical, education, and outreach to forest landowners through existing programs such as the Forest Stewardship Program and others. In the 2002 Farm Bill, Congress provided $100 million for cost-sharing of forest management practices on private lands and promote long-term healthy forest ecosystems. We urge the Committee to, at a minimum, support restoring this funding in the upcoming Farm Bill. This will enhance management for fish and wildlife habitat, water quality, recreation and timber production. Increase funding for the Healthy Forests Reserve Program and modify HFRP to include options for permanent easements.
- **Conservation Security Program (CSP)** – Reauthorize CSP and ensure it provides increased measurable and consistent benefits for fish and wildlife conservation. CSP should require fish and wildlife habitat improvement components for all program tiers and require that NRCS engage federal and state fish and wildlife agencies and non-government conservation organizations when developing fish and wildlife and habitat criteria and assessments. CSP should enhance other USDA conservation programs and not replace or reduce their funding.
- **Farm and Ranchland Protection Program (FRPP)** – Reauthorize at $300 million per year. Allow transfer of water rights on enrolled land consistent with state law. Allow landowners the right to prohibit non cropland conversion on land subject to the easement.
- **Environmental Quality Incentives Program (EQIP)** – Reauthorize EQIP, increase allocation percentages for fish and wildlife practices, and increase opportunities for private forestland owners.
- **Biofuels and Renewable Energy.** Research and development funding should promote the next generation of biofuels and renewable energy technology based on sustainable polycultures that are consistent with fish, wildlife, soil, nutrient management and water conservation goals. Taxpayer investment in conservation and wildlife gains accomplished during the past 20 years under farm bill conservation programs should not be sacrificed or diminished.
- **"Sodsaver" or Non-cropland Conversion** – Any land that does not meet the definition of cropland, as determined by the USDA/Farm Service Agency, converted from non cropland status to cropland should be made ineligible for any federal benefit, including but not limited to price and income support payments, crop insurance, disaster payments, conservation program enrollment, and FSA farm loan benefits. To preserve its identity, non cropland converted to cropland shall be reconstituted as a separate farm by FSA.
- **Conservation Compliance** – Sodbuster/swampbuster compliance should be linked to all federal farm program benefits including crop insurance and disaster program eligibility. A farm shall be ineligible to receive federal benefits for the year noncompliance is discovered. Following year eligibility may be approved if noncompliance is rectified and restoration certified within 6 months of discovery.
- **Conservation Performance Measures** – Identify and authorize specific mechanisms for tracking the success of conservation measures.

We look forward to working with you toward a strong array of federal farm conservation programs as part of the 2007 Farm Bill. We respectfully request your support for the priorities we have outlined. Please feel free to contact us with any questions or comments.

Archery Trade Association
Association of Fish and Wildlife Agencies
Bear Trust International
Boone and Crockett Club
Bowhunting Preservation Alliance
Campfire Club of America
Congressional Sportsmen's Foundation
Conservation Force
Dallas Safari Club
Delta Waterfowl
Ducks Unlimited
Foundation of North American Wild Sheep
Houston Safari Club

Izaak Walton League of America
Mule Deer Foundation
North American Bear Foundation
North American Grouse Partnership
National Rifle Association
National Shooting Sports Foundation
National Trappers Association
National Wild Turkey Federation
Orion The Hunters' Institute
Pheasants Forever
Pope and Young Club
Quail Forever
Quail Unlimited
Quality Deer Management Association
Rocky Mountain Elk Foundation
Ruffed Grouse Society
Safari Club International
Texas Wildlife Association
The Wildlife Society
Theodore Roosevelt Conservation Partnership
US Sportsmen's Alliance
Wildlife Forever
Wildlife Management Institute

Mr. Chairman, collectively these organizations represent millions of American's that use, support, and enjoy the vast benefits of federal farm bill conservation programs. Many of our organizations staff and volunteer members work hand in hand with farmers, ranchers, and foresters on wildlife habitat projects and many of those projects include federal conservation programs. Our members enjoy the tremendous recreational opportunities that are associated with hunting, fishing, and other recreation on these lands, and our country benefits substantially from the investment taxpayers have made in private lands conservations as well. 82 million US residents participate in these wildlife-related recreation activities and spend $108 billion a year that promote healthy rural economies and development as well as create jobs (data from the 2001 National Survey of Fishing, Hunting, and Wildlife-Associated Recreation by the USFWS).

On behalf of the AWWG, AWCP, and my fellow co-chairs we thank you for the opportunity to share with you our collective desires for the future of conservation. We look forward to working with you and the other members of the Committee to develop and support a comprehensive array of strong conservation policies and programs in conjunction with the 2007 Farm Bill that will continue and build on the legacy and framework of federal policies and programs supporting natural resource conservation that has been started. Thank you for the opportunity to testify here today.

STATEMENT BY RALPH GROSSI
President
American Farmland Trust

To the
U.S. House of Representatives Committee on Agriculture
Subcommittee on Conservation, Credit, Energy, and Research

April 19, 2007

Good afternoon. Mr. Chairman and Members of the committee, I am pleased to speak before you today. My name is Ralph Grossi. I am a third-generation Marin County, California, dairy and beef producer, here today in my capacity as president of American Farmland Trust. Established in 1980 to stop the loss of productive farmland and to promote farming practices that lead to healthy environment, American Farmland Trust has been involved in every farm bill since then. Our focus has primarily been on working lands conservation, especially the preservation of working farms and ranches in the face of urban encroachment. We also focus on the development of voluntary, incentive-base programs to help farmers and ranchers address the increasing environmental expectations that our society places on them.

Over the past three years, American Farmland Trust has conducted more than a dozen forums and workshops across the country, involving hundreds of farmers and ranchers from 48 states. This extensive research, outreach and consultation also included policy experts, academics, environmentalists, nutritionists and rural activists. These meetings made it clear to us that a new approach to U.S. farm policy is called for, and they led us to release, on May 8, 2006, *Agenda 2007: A New Direction and Framework for U.S. Farm Policy*. That report has been widely endorsed by leaders in the farm community, causing us to believe that producers across the country are ready to support a farm policy built for the future: one that evolves into a system that responds to contemporary public concerns, supports producers, helps the environment and ensures an adequate food, fiber and fuel supply for our nation. Let me share some thoughts on how this farm bill can help producers with regard to the conservation and commodity titles.

Conservation

Farms and ranches account for nearly half the land in America. These working lands are used to produce food, fiber and energy and have an enormous impact on the natural and human environment. From that standpoint, the farm bill's voluntary, incentive-based conservation programs are the largest environmental programs in the federal budget. They are critical to cleaner water, improved air quality, expanded wildlife habitat and protected land for future generations. American Farmland Trust proposes a combination of improvements that will:

Increase investment in environmental quality. In recent years, three out of four farmers and ranchers have been left unfunded when applying for financial assistance from conservation programs. Increasingly, many are simply not bothering to apply due to the lack of funds and the confusing and often redundant application process. The nation must match the commitment to conservation that is evidenced by this farmer interest—doing more by investing greater resources in conservation so we can deliver the benefits of healthy land to all Americans. This is especially critical as we enter an era of intensifying pressure on productive farmland due to the growing renewable fuels industry. As more producers forgo their traditional corn-soy rotations—and as marginal lands are brought into production—increased soil erosion, along with additional fertilizer, herbicide, and pesticide applications can be expected. While we are pleased to see farmers have this new economic opportunity, increases in working lands conservation funds are needed to mitigate any potential negative environmental consequences. Specifically, we urge you to increase authorized funding for the Environmental Quality Incentives Program (EQIP).

Improve effectiveness through cooperative conservation. This farm bill should ensure that conservation resources are used as efficiently as possible to deal with pressing natural resource problems. To improve on the current "ala carte" approach to conservation, a competitive grants program should be established to promote multi-producer, collaborative conservation efforts. Cooperative conservation partnerships will improve the effectiveness of existing conservation programs by focusing conservation implementation efforts (getting the *right practices* in the *right places* at the *right time*) and by attaining critical mass (getting enough producers to do the right things in a particular geographic area so that their *collective effort* is enough to improve environmental quality).

Increase conservation by leveraging dollars. The 2007 Farm Bill should create a conservation loan guarantee program to help farmers and ranchers finance conservation measures on their lands. This new program would fill a void in the current system for producers unable to qualify for cost-share assistance, whether because of the lack of cost-sharing dollars, different needs compared to the current year's conservation priorities, or because the producer exceeds the cost-share caps. A loan guarantee would also help producers amortize their share of conservation system costs if some cost share assistance were approved. This is particularly helpful to socially disadvantaged farmers. Government guaranteed, private sector loans with a reduced interest rate for producer borrowers would provide a highly leveraged way for federal dollars to boost implementation of conservation practices. We propose that USDA be given the authority to guarantee up to $1 billion of loans, with additional authority to buy-down the effective interest rate to qualified borrowers.

Ensure the protection of farm and ranch land from non-agricultural development and fragmentation. The Farm and Ranch Land Protection Program (FRPP) is critical to preserving working farms and ranches across the country in the face of increasing urban pressure. A growing web of bureaucratic rules and regulations has beset this program, making it difficult for some state and local programs to utilize available funds. The 2007 Farm Bill should eliminate duplicative requirements and streamline the program to make it more responsive to the many diverse farm and ranch land protection programs across

the country. AFT believes that this can be accomplished while also making the program more farmer-friendly, saving taxpayer money and maintaining safeguards to ensure that working farm and ranch land is adequately protected. Specifically, reforms to FRPP should allow those state and local programs with proven track records of success in protecting working farms and ranches to receive funding in the form of grants. They should also be given the authority to use their own well-established procedures and policies in the execution of projects.

When passed in 1981, the Farmland Protection Policy Act (FPPA) was landmark legislation that, for the first time, acknowledged the importance of our nation's agricultural land resources and the need to carefully consider and reduce the impact of federal actions that may result in the permanent loss of agricultural lands. Unfortunately, the application of the law has fallen short of what was originally envisioned. Federal projects and actions, from direct development to permits and funding, have indeed contributed to the direct and indirect conversion of valuable and irreplaceable agricultural lands across the country. We should reform the FPPA to strengthen its original intent and make sure that the impacts of federal actions on agricultural lands are adequately addressed in the planning and assessment of such actions. By doing so, we can ensure that the federal government leads by example in efforts to reduce the unnecessary and irretrievable loss of our nation's important farm and ranch lands.

Simplify assistance for producers. The current onerous paperwork process—involving separate forms for each program, redundant entries of information and confusing program regulations—takes away from the land management activities of farmers and ranchers and adds unnecessary costs to administration. Advanced technology and streamlining of the process could save manpower, improve accuracy and simplify the process for producers.

Strengthen stewardship rewards for all farmers and ranchers. In 2002, our nation committed to a new vision of farm support—a way to support those farmers who are good stewards of the land and to inspire others to reach higher levels of environmental performance. I am, of course, talking about the Conservation Security Program (CSP). During the course of the last five years, this program has unfortunately not fulfilled its promise. I believe, however, that the concept of a rewards program is valid and has broad support among farmers and the American public. Farmers today are seen as producers of more than food, fiber and fuel; they are the primary providers of our nation's wildlife habitat, open spaces and watershed management. These are farm products just like traditional crops, and we must find a way to reward those who deliver these public goods. Indeed, I urge the Committee to again examine the ideals behind CSP, recommit to needed funding and find a more workable "green payments" program as an additional stream of income to reward producers for their stewardship of our nation's natural resources.

Mr. Chairman, I thank you again for this opportunity to appear before this committee to present a vision of a new agricultural policy. I look forward to your questions.

National Association of Conservation Districts

Testimony
of
Olin Sims
On behalf of the
National Association of Conservation Districts
Before the
House Committee on Agriculture
Subcommittee on Conservation, Credit, Energy and Research
April 19, 2007

Good Morning, I am Olin Sims, President of the National Association of Conservation Districts (NACD) and a rancher from McFadden, Wyoming. On my family operation, the Sims Cattle Company in the Rock Creek Valley, we run a 700 cow/calf operation on 22,000 acres of deeded, private, state and federal leases in southern Wyoming. The ranch retains ownership of all calves and feeds to finish in Nebraska.

Across the United States, nearly 3,000 conservation districts -- almost one in every county -- are helping local people to conserve land, water, forests, wildlife and related natural resources. We share a single mission: to coordinate assistance from all available sources -- public and private, local, state and federal -- in an effort to develop locally-driven solutions to natural resource concerns. More than 17,000 members serve in elected or appointed positions on conservation districts' governing boards. Working directly with more than 2.3 million cooperating land managers nationwide, their efforts touch more than 1.5 billion acres of private forest, range and crop land. NACD believes that every acre counts in the adoption of conservation practices. We work with landowners across the country—urban, rural, row crop farmers, ranchers and specialty crop producers in the plains and on the coast--so we know that no one program, practice, or policy will work for everyone. We support voluntary, incentive-based programs that present a range of options, providing both financial and technical assistance to guide landowners in the adoption of conservation practices, improving soil, air and water quality and providing habitat and enhanced land management.

Among other things, conservation districts help:

- implement farm conservation practices to keep soil in the fields and out of waterways;
- conserve and restore wetlands, which purify water and provide habitat for birds, fish and numerous other animals;
- protect groundwater resources;
- plant trees and other land cover to hold soil in place, clean the air, provide cover for wildlife and beautify neighborhoods;

- help developers and homeowners manage the land in an environmentally-sensitive manner;
- reach out to communities and schools to teach the value of natural resources and encourage conservation efforts.

The 2002 Farm Bill impacted producers across the country, but in my area, the conservation programs *are* the farm bill. My access to farm bill programs and assistance has been limited to conservation programs, and I am happy to have had the opportunity to participate in some of the programs offered from this important legislation. We implement environmental stewardship practices such as intensive rotational grazing, integrated weed control, fertilizer application, introducing new varieties of grasses and windrowed hay management for energy savings. I have primarily participated in the Environmental Quality Incentives Program (EQIP) program for cost share practices resulting in improved range conditions documented through a stringent range monitoring program. Several of the practices adopted relate to stockwater pipelines, stock tanks and storage tanks along with cross fencing to develop grazing cells we use in our high intensity - short duration grazing program. I have also utilized the Agricultural Management Assistance (AMA) program to assist with the adoption of conservation practices, but the availability of funds for this program has been sporadic.

This past fall our ranch installed two miles of stock water pipeline and tanks that will allow us to alleviate impacts to riparian areas, control invasive species and better manage our rangeland resources to lessen the chance of overgrazing. This was all done working with my local conservation district and the USDA Natural Resources Conservation Service (NRCS) that provided the technical assistance prior to entering into an EQIP contract that provided the financial support to implement this conservation practice.

We are currently working with the Wyoming Game and Fish Department to use livestock grazing as a land treatment for elk habitat enhancement on a nearby Wildlife Habitat Unit. This project has allowed us to demonstrate the beneficial importance of livestock grazing as a management tool to improve wildlife habitat by incorporating the abilities of private landowners in managing public resources – once again all done using the technical expertise of our local conservation district and the NRCS.

The 2002 Farm Bill authorized increases in conservation funding that by 2007 will double those of the last decade. About two-thirds of the new funds authorized in 2002 target programs emphasizing conservation on working lands that are still used for crop production and grazing. This differs from conservation spending prior to 2002, in which the bulk of conservation dollars were directed toward land retirement programs. According to USDA's Economic Research Service (ERS), conservation programs for working lands will rise from less than 15 percent of federal expenditures on agricultural conservation over the past 15 years to about half of the total conservation spending by 2007. The use of the term "working lands" is defined differently by groups. To clarify; NACD defines working lands as those lands in economic production of food, feed or fiber. We believe that a producer must have an economically viable farming operation to

be able to make an investment in conservation practices on their operation. Conservation districts support the increased emphasis on conservation spending for private working lands and hope these trends continue. While NACD supports maintaining land retirement programs such as the Conservation Reserve Program and Wetlands Reserve Program, keeping our remaining cropland in agricultural production while funding conservation practices on that land should be the primary focus of conservation funding in the 2007 Farm Bill.

A recent ERS report assessing the 2002 Census data reports that of the 2.3 billion acres in the U.S., agriculture land comprises 52% and grassland, pasture & range comprise two thirds of those agricultural lands. Urban and rural residential acreage in the U.S. is increasing with rural residential increasing 29% from 1997 to 2002. Over the same period, cropland decreased by three percent and grassland increased one percent. These numbers demonstrate the continued changing landscape that conservation districts are serving. We see increased pressure on the rural/urban interface as cities and suburbs continue to grow, creating new and different resource challenges and new landowners/managers. As residents move out of the city to rural residential areas, they may not have an understanding of which conservation practices or habitat are appropriate for their land – or even that their management style may be causing an environmental problem. The rural/urban interface, forestry, public lands and grassland management are all areas that have not fully benefited from the 2002 Farm Bill conservation programs.

Conservation programs provide benefits to the landowners and the general public through increased soil quality, air and water quality and improved habitat. Increased adoption of conservation practices though the 2002 Farm Bill Conservation programs resulted in improved nutrient management with decreased nutrient and sediment runoff, increased pesticide management, and increased wildlife habitat benefiting both duck and wild turkey populations. Notable results from the adoption of conservation practices include reduced soil erosion and increasing wetland acres. Last year USDA released soil erosion numbers highlighting a 43 percent decrease in soil erosion on cultivated and non-cultivated cropland between 1982 and 2003. Farm bill conservation programs have also increased the restoration of wetlands across the country and we are now marking net gains in agricultural wetland acres. Conservation programs have also protected farmland from development and protected wetland areas through easement programs.

I am pleased to follow-up on our former President Bill Wilson's testimony before the subcommittee last summer. Since that time, the NACD Board of Directors has taken action, first establishing guiding principles and most recently approving core policy statements on the 2007 conservation title. The comments I provide to you today are based on these recommendations, approved by our board of directors, which includes one member from every state and the U.S. territories. I would like to remind the Committee members that our role is unique in that districts assist in conservation program delivery. Our members work with landowners, federal and state agencies to deliver programs and technical assistance and to guide local decision-making. Local conservation district boards are comprised of locally elected or appointed members of the community – farmers, ranchers, and those outside agriculture that are committed to improving

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conservation practice adoption, education and outreach in their community. We listen to our customers regarding program implementation and frequently, like in my case, we are also the customers.

NACD's recommendations focus on a priority for working lands conservation programs. We believe there should be consolidation and streamlining of programs to ease program delivery, making them easier for producers to understand and apply for, and easier for field staff to administer. Complicated paperwork and program overlap cause needless administrative time for both producers and technically-trained staff. Our goal is to have technical personnel spend more time in the field and less time on administrative functions. All working agricultural lands should be eligible for these programs – including non-industrial private forest land, fruits and vegetables, livestock, row crop and small production lands that may border urban areas.

To this end, we recommend two working lands conservation programs, a modified EQIP and a streamlined Conservation Security Program (CSP). NACD recommends combining the programmatic functions of the cost-share programs of the Wildlife Habitat Incentives Program, the Forest Land Enhancement Program, the Agricultural Management Assistance program and the working lands elements of the Grassland Reserve Program into the existing EQIP program. EQIP is a priority program for NACD and we believe that localized priorities and practices should be identified by the local work groups and addressed by the state technical committees supporting the locally-led process that is the foundation of conservation districts across the country. The EQIP program has been very successful and demand for the program remains strong with more applications than can be funded.

The existing CSP program should be modified into a top-level conservation program for the "best of the best" in natural resource protection on their operation. This upper-level program should have clearly defined criteria so producers can plan ahead, and know what the requirements are to participate. Our recommendations include making CSP a two-tier program that is available nationwide. Under the current administration of the program, producers have not been able to plan for participation because they don't know if their watershed will be selected for participation.

NACD supports maintaining the two land retirement programs—CRP and WRP. The CRP program administration should continue to focus on special initiatives, continuous signups and Conservation Reserve Enhancement Programs (CREPs). CREPs have been very successful in leveraging state dollars, creating an official program partnership between the state and federal government for protection of specific local natural resources.

The WRP program has been successful in restoring wetlands, resulting in improved water quality and wildlife habitat. Recent changes in program administration have altered easement prices offered to landowners. NACD supports returning to the administration of the program to utilize the agricultural value in establishing the easement purchase price.

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For easement programs, we support retaining the Farm and Ranch Lands Protection Program and including elements of the Healthy Forests Reserve Program. The FRLPP has been very successful in the Northeast and we need to continue to ensure that this program works in other parts of the country, includes forest lands and works in coordination with state programs. In Pennsylvania, for example, some concerns have arisen regarding the duplication of planning requirements for the state program and the federal program – each with differing conservation planning requirements. Programs should not duplicate requirements on staff time, or landowner/operator time to participate, but should work together to leverage federal, state and local commitment to conservation priorities. While these issues might be addressed through program administration, legislative changes may also be necessary to ensure program coordination. We must ensure that this program works in every state.

Again, our goal is not to lose important elements of each of these programs in the protection of natural resources, but to streamline the program delivery. Not all programs work in all areas of the country, and we must retain a variety of program options to meet landowner and operator needs. But we must also do this in a manner that is not overly burdensome on field staff. Detailed knowledge of multiple programs takes time and effort. Annual changes to programs make them even more difficult to administer, and to relay or educate producers on the availability and application requirements. CSP has had the most problems in this area of ever changing availability. Most all conservation programs are oversubscribed with more applications than available funding. It is important to recognize any efficiencies to increase conservation practice adoption and environmental benefits, leverage state and local resources, and retain federal resources dedicated to conservation.

USDA conservation program implementation utilizes local work groups to assist in targeting funds and programs to address local resource needs and priorities. Local work groups convened by conservation districts and comprised of federal, state, county, tribal and local government representatives, coordinate local program delivery. Participants could include FSA county committee members, cooperative extension agents and state/local/tribal officials. The work groups establish program delivery priorities and can make recommendations on eligible conservation practices, cost share levels and payment rates. The local work group is also utilized to aid in the implementation of several conservation programs. This local prioritization is critical to the implementation of voluntary conservation programs and the use of the local work groups must continue during the implementation of the 2007 Farm Bill conservation programs.

State technical committees are also critical to the locally-led conservation program delivery. Specific conservation practices for production or land management specific to a state should be addressed through the State technical committee, however it requires participation. The programs can be tailored to specific state and local needs, if the interested parties participate in the system.

Conservation financial assistance provided through the Farm Bill programs is an important component in achieving agricultural sustainability both economically and environmentally. But Mr. Chairman, let me assure you that every time you hear NACD members talk about the Farm Bill we will talk about conservation technical assistance. Technical assistance allows NRCS

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offices at the local level to work with districts, landowners and state and local agencies to address local resource concerns. Technical assistance is utilized to work with landowners on conservation plans from design, layout and implementation, helping landowners understand highly erodible land and necessary compliance for participation in farm bill commodity programs. Technical assistance is also used for evaluation and maintenance of conservation practices. Once a conservation practice is established, it must be maintained to ensure we continue to see the benefits of the practice. Funding for technical assistance allows NRCS employees to meet face-to-face with landowners, visit their operations and help them design strategies to address resource needs of their individual agricultural operation. Through these discussions, a comprehensive conservation plan can be developed and then financial assistance programs such as EQIP, CRP or any other program in the conservation "tool box" can be utilized to help meet the goals of the conservation plans.

Conservation technical assistance has been a key component in working with livestock producers to understand the Environmental Protection Agency's AFO/CAFO regulations. District staff and NRCS personnel helped conduct workshops and demonstration projects so producers could see first-hand the changes that needed to be made to avoid enforcement actions under the Clean Water Act. Some producers went on to seek EQIP assistance to make these changes, some producers just needed to know what was required and made the improvements on their own based on the technical advice they received.

Conservation technical assistance is also used to assist local watershed planning groups to address impaired water bodies – working to provide these groups with the technical information they need to determine locally how best to address water quality issues. Technical assistance is necessary to help producers install and maintain complex conservation practices on the landscape. The technical assistance provided from NRCS field staff, along with the resources conservation districts and state conservation agencies provide, is critical to the success of conservation in the United States. The bottom line is that producers need quality technical assistance to maximize the effectiveness of the financial assistance they receive. Even without financial help, many producers still rely on technical help to ensure that they are putting quality practices on the land. It is the combination of the two that makes America's conservation delivery system efficient and effective. Conservation technical assistance, a discretionary funding program, assists in conservation program delivery by allowing field staff to work with producers up until the time they commit to a Farm Bill conservation program.

In 2004, Congress passed legislation to ensure that each conservation program provides technical assistance for implementation of the specific program. This legislation specifically corrected the technical assistance funding problems associated with CRP and WRP and was very important to fully implementing these programs. Availability of technical assistance is a limiting factor in program delivery. Without adequate funding, knowledgeable staff and committed local partners, the full benefits of conservation programs and practice adoption cannot be realized. In the 2007 Farm Bill, conservation financial assistance programs must continue to support technical assistance funding through each of the programs.

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NACD was pleased with the overall funding commitment provided and conservation program options available in the 2002 Farm Bill, but is concerned with alterations to the funding of the programs since the passage of the 2002 bill. Program authorization levels have been repeatedly reduced through the appropriations process, administrative program limitations, and budget reconciliation. We agree that during times of increasing budget deficits, all programs are subject to reductions. But we must also stress that alteration of programs from their original design in the 2002 Farm Bill impacts the intended results of conservation programs. I would also like to mention the devastating disasters that impacted much of the southern United States from Florida to Texas through repeated hurricanes, as well as other parts of the country that suffered from natural disasters. Although we may not personally feel the impact that agricultural producers felt in those areas, we know that federal assistance is critical to their recovery. Frequently, federal assistance comes from redirecting existing program funding and staff, and several states have felt the shift of conservation resources. These funding and personnel shifts made at the national level further complicate program delivery. NACD hopes that a better system can be developed to provide emergency aid and disaster assistance without redirection of these resources. Adoption of conservation practices have also mitigated some disaster impacts, such as drought, where conservation tillage and highly erodible land removed from production have increased soil moisture and ensured that soil remains in place, and not blowing across the country.

Conservation districts work to identify local resource concerns, and help prioritize the funding and focus of projects to have the greatest conservation and environmental benefit for both landowners and the public in local communities. Actions span the gamut from improving water quality to protecting pollinator species in order to help producers across the country protect natural resources. Everyone benefits from cleaner water, air and improved wildlife habitat and water management. We seek to coordinate the efforts of local, state and federal government programs and educate landowners and the public about the opportunities and benefits of Farm Bill conservation programs. But more can always be done. Conservation districts across the country have a strong conservation ethic and are committed to making these programs successful on our farms, in our communities and for our environment.

The 2002 Farm Bill was a hallmark for conservation in this country and we hope the 2007 Farm Bill will maintain this commitment to conservation. While it heralded a tremendous leap forward, there are still many who remain untouched by its potential. Conservation districts believe that every acre counts from a conservation perspective and that the Farm Bill needs to bring its conservation benefits to all producers and all agricultural lands. It doesn't matter whether it's EQIP or CSP, WRP or CRP, on-the-ground results are what counts and making sure we have the vehicles to get those results in 2007 will be the principal measure of our success.

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Susquehanna River Basin Commission

a water management agency serving the Susquehanna River Watershed

U.S. House of Representatives
Committee on Agriculture
Subcommittee on Conservation, Credit, Energy, and Research

USDA CONSERVATION PROGRAMS

April 19, 2007 Subcommittee Hearing

Thomas W. Beauduy
Deputy Director & Counsel
Susquehanna River Basin Commission

Mr. Chairman, members of the Subcommittee, ladies and gentlemen, thank you for the opportunity to appear at today's hearing to present comments on the USDA conservation programs now under review by the Subcommittee as it considers 2007 Farm Bill legislation.

By way of background, the Susquehanna River Basin Commission is a federal-interstate compact commission created in 1971 by the joint adoption of its compact by the U.S. Congress, the States of Maryland and New York, and the Commonwealth of Pennsylvania. The Commission was created for the express purpose of managing the water resources of the basin through the joint exercise of the sovereign authority of its signatory members.

The Susquehanna River Basin, comprising 27,510 square miles, is home to some of the most productive agricultural lands in the United States and provides over 50% of the fresh water flow to the Chesapeake Bay. The river itself flows 444 miles, starting at its headwaters in Cooperstown, New York, and empties into the Upper Chesapeake Bay at Havre de Grace, Maryland. Along the way, it courses through Pennsylvania, where it drains a full 50% of the land area of the Commonwealth.

As is the case in other regions around the country, agriculture is central to the fabric of the basin. It comprises 21% of the land resource base of the basin and is significant economically, culturally and environmentally to the region. Coupled with forest lands, which comprise 69%, these open-space land uses comprise 90% of our land resource base and define the basin's rural identity. Beyond their economic and cultural significance, these lands provide important wildlife habitat, facilitate groundwater recharge, help to regulate surface water flows, and naturally function to sequester carbon.

The conservation programs administered by USDA, particularly as they were expanded by the 2002 Farm Bill, have become critical both to sustaining agriculture and simultaneously minimizing its impact on the water resources of the basin. This holds true for the receiving waters of the Chesapeake Bay as well. In fact, the multi-jurisdictional strategy for restoration of the Bay has been a significant driver for both our regional reliance upon existing conservation programs and support for their expansion under the 2007 Farm Bill.

The support for expansion of the conservation programs in our region comes in no small measure from the fact that agriculture contributes 50% of the nitrogen load, 60% of the phosphorus load, and 63% of the sediment load.

Reducing the nonpoint source nutrient loads, particularly from agriculture, are central to the tributary strategies of the member states, both in the basin and Bay-wide. Why? As an earlier report of the Chesapeake Bay Commission points out, five of the six most cost-effective water quality restoration practices identified are agricultural ("*Cost Effective Strategies for the Bay: Smart Investments for Nutrient and Sediment Reduction for the Bay,*" December, 2004).

The reliance upon existing conservation programs and the desire for their expansion, particularly in terms of funding level support, may not be unique to the Bay region, but it is nonetheless uniquely critical to the success of its restoration strategy. That need for expansion is matched by an unmet demand that already exists from USDA's customer base in the region under existing programmatic scope and funding levels.

I will admit to you that, unlike most of the organizations presenting testimony here today, the Commission has not been actively engaged in the current deliberations in Washington over the provisions of the 2007 Farm Bill. What we are engaged in is the active management of the water resources of a significant eastern United States river basin, and from that vantage point, we understand and support the

efforts to enhance, both programmatically and financially, USDA's conservation programs under the 2007 Farm Bill.

We can well appreciate that perhaps the real challenge before you is to sort through what programmatic modifications, and related funding level authorizations, are appropriate to effectuate the enhancement of these programs. We can also appreciate your challenge in sorting through the emergence of various regional proposals, especially given the desire to bring to fruition a truly national Farm Bill.

Having said that, and at the risk of sounding parochial, I can't help but offer a few comments on the CHESSEA marker bill advanced by Congressman Van Hollen of Maryland (Chesapeake's Healthy and Environmentally Sound Stewardship of Energy and Agriculture Act of 2007). Given its unabashed attention to the Bay watershed, I should be saying, "What's not to love about CHESSEA?"

But I won't. Instead, what I will say is that it contains a number of creative approaches that can be built upon to target funding to regions across the country, like the Chesapeake Bay region, where agriculture plays a heightened role, not only on the water quality degradation side but on the restoration side as well. Prioritizing at least some program elements and funding for regions where agriculture plays that heightened role is not parochialism in our view; it's good public policy.

Take for example, the Environmental Quality Incentives Program (EQIP) provisions of CHESSEA. In addition to increasing funding from $1.3 billion to $2.0 billion, it would direct the Secretary to give priority to states that are part of interstate watersheds with nutrient and sediment impairments and where the initiative has been taken to develop state-approved plans to address such impairments.

Another example is the Regional Water Quality Enhancement Program proposal, which will focus cooperative approaches to water quality restoration on a regional scale for larger bodies of water across the nation, providing a competitive grant source for these large-scale conservation projects that demonstrate cost-effectiveness.

Under the Conservation Reserve Program (CRP), the provision to set aside a 7 million acre goal for the CRP continuous enrollment and the Conservation Reserve Enhancement Program (CREP) with priority for contracts given to riparian buffers, restored wetlands and other habitats that improve water quality

and are called for in state-approved restoration plans likewise represents good policy. So too are the provisions related to performance initiatives for states, rewarding producers for environmental performance, and collaboration.

Adjustments to the funding levels for these and other programs, including the Conservation Innovative Grants, Conservation Security Program and Agricultural Management Assistance should also be supported.

In discussing programs designed to address water quality concerns, the Commission believes that consideration should be given to an issue that traditionally has been on the water quantity side of the equation. We believe that ensuring programmatic coverage to acreage known as critical aquifer recharge areas (CARA's) is important not only in a quantitative sense, but in a qualitative sense as well.

In a geologic sense, these are areas that have very high recharge productivity. They are land surface areas that are responsible for a disproportionately large fraction of the groundwater recharge in an area. Delineation and protection of these areas are significant not only for regional groundwater availability, but for the maintenance of base flow of streams.

During low flow conditions, that base flow is critical for aquatic health, water supply, and importantly, for assimilative capacity related to water quality. Also, because of their high recharge productivity, they can unfortunately act as aggressive conduits for surface contaminants, including nutrients, to the groundwater aquifer. That degraded groundwater ultimately discharges as base flow and adds to the nutrient load.

For all these reasons, we believe such areas genuinely constitute environmentally sensitive acreage that is worthy of consideration, whether in CREP or any other conservation program under which it would be appropriate to advance water quality objectives. Importantly, it would also advance a truly integrated approach to water resource management.

As I noted at the outset, we appreciate the opportunity to present these comments and would be happy to address any of your comments or concerns. Thank you.

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STATEMENT OF KEN COOK
President
Environmental Working Group

Hearing to Review USDA Farm Bill Conservation Programs
Before the Committee on Agriculture
Subcommittee on Conservation, Credit, Energy, and Research
Thursday, April 19, 2007, at 1 pm

Submitted for the Record

Mr. Chairman, distinguished Members of the Subcommittee: my name is Ken Cook, and I am president of the Environmental Working Group (EWG), a nonprofit research and advocacy organization based in Washington, DC and Oakland, California. In the years since the first farm bill I worked on, as an agriculture policy analyst the Congressional Research Service in 1977, I have had the honor of testifying before this subcommittee on a number of occasions. I very much appreciate the opportunity to do so again, today.

My testimony addresses two parts.

(1) District-level summary conservation program data for each member of the subcommittee. This previously unpublished data is derived from EWG's forthcoming release of subsidy benefits information obtained through the Freedom of Information Act last December, when USDA released the database it compiled in response to the congressional mandate in Section 1614 of the 2002 farm bill.

(2) At the request of the subcommittee, I will also address the innovative Conservation Security Program that was established in the 2002 farm bill, with emphasis on findings of a recent, excellent evaluation of the CSP prepared by the Soil and Water Conservation Society and Environmental Defense.

Importance of conservation programs. Farm bill conservation programs and program spending are critically important to the subcommittee's members, collectively and individually.

Using the new USDA 1614 database of direct payments and attributed benefits for program years 2003 through 2005, EWG found that over $1.6 billion in conservation

payments (CRP, EQIP, CSP, WRP, GRP, and WHIP[1]) have been provided to over 162,000 beneficiaries in the districts of the 26 members of the House Subcommittee on Conservation. (See Table below)

Conservation program benefits provided to farmers in the districts of members of the Subcommittee on Conservation, Credit, Energy and Research, PY 2003-2005.

District	Conservation Program Benefits (2003-2005)	Conservation Program Recipients (2003-2005)	Conservation Benefits per Beneficiary	Conservation Benefits As Percent of Commodity plus Conservation Benefits (2003-2005)
Rep. Jerry Moran (KS-1)	$296,568,102	31,749	$9,341	18%
Rep. Stephanie Herseth Sandlin (SD-AL)	$223,291,192	20,559	$10,861	17%
Rep. Steve King (IA-5)	$179,465,556	18,042	$9,947	13%
Rep. Sam Graves (MO-6)	$170,897,910	12,545	$13,623	39%
Rep. Marilyn N. Musgrave (CO-4)	$170,871,193	7,874	$21,701	34%
Rep. Jeff Fortenberry (NE-1)	$109,471,201	10,385	$10,541	14%
Rep. Frank D. Lucas (OK-3)	$105,529,685	10,014	$10,538	20%
Rep. Leonard L. Boswell (IA-3)	$93,400,170	7,996	$11,681	19%
Rep. Timothy J. Walz (MN-1)	$78,733,878	12,035	$6,542	8%
Rep. Nancy E. Boyda (KS-2)	$44,966,601	7,072	$6,358	16%
Rep. Terry Everett (AL-2)	$31,012,641	4,482	$6,919	16%
Rep. John T. Salazar (CO-3)	$29,329,853	2,167	$13,535	54%
Rep. Tim Walberg (MI-7)	$27,844,685	3,171	$8,781	18%
Rep. Brad Ellsworth (IN-8)	$25,633,867	4,268	$6,006	8%
Rep. Steve Kagen (WI-8)	$11,473,671	3,025	$3,793	8%
Rep. Zachary T. Space (OH-18)	$7,749,129	1,341	$5,779	11%
Rep. Tim Holden (PA-17)	$7,157,500	848	$8,440	20%
Rep. Mike Rogers (AL-3)	$5,262,026	807	$6,520	16%
Rep. Henry Cuellar (TX-28)	$4,088,265	342	$11,954	11%
Rep. Jo Bonner (AL-1)	$3,908,361	872	$4,482	7%
Rep. Robin Hayes (NC-8)	$3,665,685	905	$4,050	9%
Rep. Jean Schmidt (OH-2)	$3,591,685	546	$6,578	13%
Rep. Kirsten E. Gillibrand (NY-20)	$3,296,325	410	$8,040	11%
Rep. Jim Costa (CA-20)	$2,789,949	369	$7,561	1%
Rep. Dennis A. Cardoza (CA-18)	$2,734,336	313	$8,736	2%
Rep. David Scott (GA-13)	$70,243	19	$3,697	40%
Subcommittee Total	**$1,642,803,708**	**162,156**	**$10,131**	**17%**

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

[1] CRP stands for Conservation Reserve Program, EQIP – Environmental Quality Incentives Program, CSP – Conservation Security Program, WRP – Wetlands Reserve Program, GRP- Grasslands Reserves Program, and WHIP- Wildlife Habitat Incentives Program.

On average, over the three program years, $10,000 in benefits was provided per beneficiary. Conservation payments in the subcommittee's districts averaged 17 percent of the total spending on conservation plus commodity programs. Every district on the subcommittee received conservation funds. Any member by member comparison must consider the size of the state and the number of farmers in each state to put the data in perspective.

Distribution of conservation benefits. For seven members of the subcommittee, conservation program payments to their districts exceeded $100 million over the last three years. In the districts of eight members, conservation payments ranged between $11.4 million and $93.5 million over the period.

Distribution of conservation program beneficiaries. In seven of the subcommittee's districts, more than 10,000 farmers and ranchers received benefits through conservation programs between 2003 and 2005. For another nine members, between 1,000 and 10,000 farmers received benefits in their districts.

Distribution of conservation benefits per beneficiary. In eight subcommittee districts, farmers received, on average, over $10,000 in conservation benefits over the three program years. In thirteen subcommittee districts, farmers received over $5,000 and under $10,000 in conservation benefits.

Distribution of conservation spending as a percent of commodity plus conservation spending. To illustrate the importance of conservation relative to commodity programs, we summed both categories and then presented conservation funding as a percentage of that total. We found that for four members of the subcommittee, conservation spending between 2003 and 2005 exceeded 30 percent of the combined commodity and conservation funds. For fifteen districts, farmers and ranchers received between 10 percent and 30 percent of their federal support through conservation programs while 7 members had farmers receiving less than 10 percent of their federal support from conservation programs.

Below we provide a sample narrative for conservation spending in the districts of the Chairman and the Ranking Member. In addition to referencing the data contained from the table above, we cite data from a table showing Unfunded Conservation Requests by State in 2004 (below). We also provide 52 tables – two tables for each district represented on the Subcommittee showing 1) farmer participation in each conservation program in one table and 2) conservation program ranking against commodity programs in a second table.

Unfunded Conservation Requests by State, 2004

State Rank	State	2004 Total NRCS Conservation Backlog
1	Arkansas	$253,832,454
2	Texas	$162,919,270
3	Florida	$160,944,955
4	California	$143,096,228
5	Nebraska	$139,210,997
6	Indiana	$131,566,485
7	Illinois	$115,180,386
8	Iowa	$112,305,471
9	Oklahoma	$98,025,377
10	Louisiana	$95,523,177
11	New York	$92,535,120
12	Colorado	$75,808,617
13	Minnesota	$71,739,333
14	Kansas	$70,969,832
15	Vermont	$66,759,932
16	Missouri	$63,172,954
17	South Carolina	$61,988,880
18	Montana	$58,024,599
19	Alabama	$55,954,634
20	Mississippi	$52,035,498
21	Oregon	$51,365,140
22	Tennessee	$49,214,986
23	Kentucky	$48,833,147
24	South Dakota	$46,287,600
25	North Carolina	$45,858,375
26	Washington	$44,205,467
27	Maine	$43,622,734
28	Michigan	$43,063,298
29	Idaho	$41,364,464
30	Ohio	$39,192,545
31	New Mexico	$38,971,942
32	Pennsylvania	$37,457,519
33	Utah	$33,827,759
34	Wisconsin	$31,575,143
35	Georgia	$28,091,435
36	North Dakota	$26,596,053
37	Wyoming	$24,966,315
38	New Jersey	$24,915,318
39	Massachusetts	$24,491,974
40	Arizona	$24,103,523
41	West Virginia	$22,701,307

42	Virginia	$17,349,645
43	Connecticut	$16,205,047
44	Nevada	$12,744,590
45	Delaware	$8,079,452
46	Alaska	$7,693,875
47	Rhode Island	$7,116,541
48	New Hampshire	$5,526,717
49	Hawaii	$5,324,931
50	Maryland	$4,539,395
51	Puerto Rico & VI	$863,216
52	Pacific Basin	$201,103
	US Total	**$2,937,944,755**

Source: Environmental Working Group, compiled from 2004 Unfunded Conservation Applications data, Natural Resources Conservation Service.

Chairman Tim Holden. Within the subcommittee, Chairman Holden's district ranks 17th in conservation benefits received, with $7 million going to 848 beneficiaries over the last three program years. From the Chairman's table showing conservation program participation, we see that farmers in his district were enrolled in four programs over the last three years: 751 farmers in CRP receiving $6.4 million, 42 in EQIP receiving $489,000, 80 in CSP receiving $173,000 and one in the GRP receiving $1,287.

From the Chairman's table showing conservation programs ranked against commodity programs, between 2003 and 2005, the CRP was the third most important farm program in Rep. Holden's district in terms of expenditure, behind the corn and dairy program, while EQIP ranked sixth behind soybean subsidies and wheat subsidies. The CSP ranked eighth in spending importance, behind barley subsidies.

In terms of the conservation backlog problem, Chairman Holden's state, Pennsylvania ranked 32nd in the nation for the value of unfunded conservation program applications in FY 2004. That is, Pennsylvania farmers in 2004 applied for $37 million in various NRCS-run conservation programs and had eligible applications but were turned away due to lack of conservation funds. That's $37 million that could have gone to assist in dairy manure management to prevent further nutrient leaching and runoff to the Chesapeake Bay and to help in various soil erosion prevention practices like contour tillage, terracing, and grassed waterways to help farmers prevent loss of valuable topsoil and sedimentation of the states rivers and tributaries to the Bay.

Ranking Member Frank Lucas. Rep. Lucas' district ranked seventh in conservation dollars amongst districts on the subcommittee. Some 10,014 beneficiaries in Rep. Lucas' district received $105.5 million in benefits over the last three program years for conservation practices: 8,619 beneficiaries received $97 million from CRP; 1,418 received $5.4 million from EQIP; 266 received $2 million from CSP; 21 farmers received $795,000 from WRP; 34 received $145,000 from GRP; and 12 received $36,000 from WHIP.

Four of the six conservation programs operating in Rep. Lucas' district are amongst the top 10 commodity and conservation programs in the district. CRP ranks second only to wheat subsidies in program benefits, while EQIP ranks seventh behind cotton, peanuts, corn, and sorghum. CSP and WRP rank 9th and 10th, respectively, for program funding, behind dairy subsidies.

At the state level, over $98 million in 2004 NRCS conservation requests from Oklahoma farmers went unfulfilled, ranking Oklahoma 9th in the nation's conservation backlog. That's nearly $100 million that was requested by farmers to help with wind erosion problems that remain a major cause of unsustainable rates of erosion, lowering soil productivity, increasing the chances for crop failure and increasing air pollution and sedimentation of the state's streams.

Unfunded conservation program requests: The Conservation Backlog

The NRCS tracks conservation program applications that have been received from tens of thousands of farmers and ranchers each year, but which are turned away for lack of funds. We tallied the value of that "conservation backlog" for just one year (FY 2004) across all conservation programs for the states represented by members of this subcommittee. The total backlog in FY 2004 in just these 18 states was $1.3 billion or nearly half the conservation backlog in all 50 states.

Conservation Security Program

The Conservation Security Program was authorized by the 2002 farm bill and was the first attempt to take on what I consider one of the toughest problems in federal agricultural resource policy.

We have long experience in this country of providing technical and financial assistance to farmers and ranchers to solve specific agricultural resource problems, from water pollution to wildlife conservation.

But how can conservation policy fairly, effectively and efficiently reward the good resource and environmental stewardship so many farmers and ranchers have already demonstrated? How do we recognize producers who adopted above- average--or even state-of-the-art--conservation and environmental practices on their own while encouraging them to do even more?

Put another way, why should we provide taxpayer support, sometimes significant support, to a farmer or rancher to adopt basic conservation practices, when their neighbors all around have long since adopted them on their own, with no help from the federal government?

I am reminded of a conversation I had just about 20 years ago with a Missouri cow-calf operator who had about 1,000 acres of hay and pasture. A few months before, Congress had enacted the Conservation Reserve Program that originated in this subcommittee. I had lobbied for it over several years. I explained how the government was going to kill two birds with one stone: we would cost-effectively tackle excessive soil erosion on tens of millions of acres by paying farmers to plant

cropped land to a protective cover of grass or trees, and by doing so help control surplus crop production with a *real* conservation program—not just annual set-asides.

"Let me see if I have this right," he asked. "We've had all these fellows in northern Missouri plowing up pasture land to get federal crop subsidies for planting corn. And now we're going to give them fifty buck an acre to plant it *back* to grass, so that their fields will look again the way mine have looked all along?"

The two of us looked out over those gorgeous, emerald fields to the forested knobs beyond.

"You figure that's how this will work, Kenny?"

At that, I suddenly found it easier to look into the beer he'd just handed me. "I guess so, Uncle Paul."

That would be the late Paul Cook, of Roselle, Missouri, as good a steward of the land he had inherited from my grandfather—and the 800 acres he added—as you'd ever care to meet.

The truth is, both problems are worth tackling: how to solve conservation problems that badly need solving, and how to support conservationists who've already solved those very same problems.

That's how I think of the Conservation Security Program and what it set out to do. Tough stuff, Mr. Chairman; tough stuff.

Recently, two highly respected organizations with deep experience in agricultural conservation policy, the Soil and Water Conservation Society and Environmental Defense, completed a review of the CSP as it has operated in the past few years. I commend it to the subcommittee as a fine example of fair, unflinching program evaluation, which is something of a lost art in this town. My colleagues and I excerpted the following passages from the SWCS/ED assessment for your consideration.

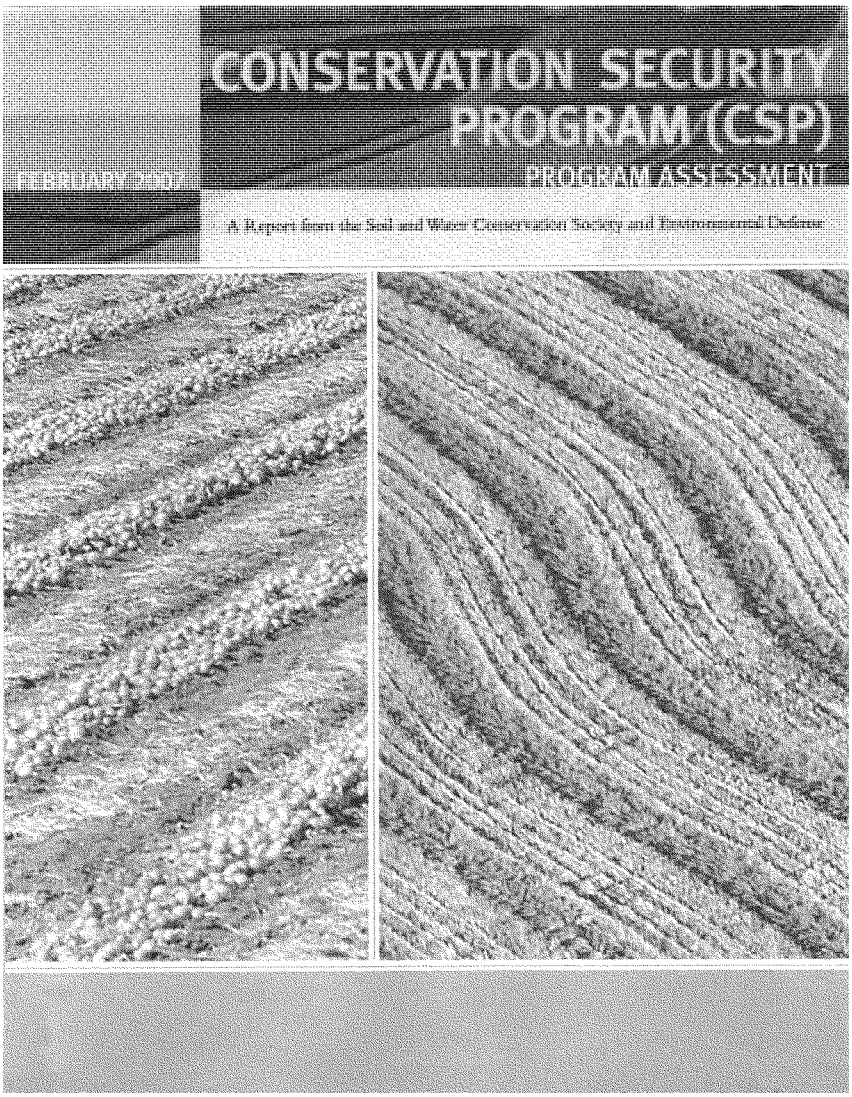
I look forward to answering any questions you or your subcommittee may have, Mr. Chairman.

CSP Faces Serious Challenges
"CSP was designed to serve 2 purposes: 1) to provide a source of income to producers and 2) to improve environmental quality and natural resource condition in agricultural landscapes. These two purposes are complementary but different. Our assessment suggests that CSP is falling short of realizing either of its two purposes...Urgent action is needed to recover the promise of CSP. Major changes must be made to the program, and a secure funding level must be established if CSP is to have any hope of realizing its potential." (p. 1)

Align Vision and Funding
"It is possible for one program to achieve the two purposes of income support (rewarding good stewards) and environmental improvement (providing incentives for producers to take new actions to help the environment), but not without significant public investment. At least so far, Congress and the Administration have not been willing to make that investment; since enactment of the 2002 farm bill, Congress has capped funding for CSP six times." (p. 1)

Reward More Than the Status Quo
"CSP, as currently implemented, presents conservationists with a dilemma. Taxpayers are largely paying for environmental benefits they are already receiving. Existing practice payments (4% of payments, stewardship payments (14% of payments), and all of the enhancement payments paid through the end of fiscal year 2005 (82% of payments) are for benchmark, that is, pre-existing practices and activities. Essentially all of the CSP payments made through the end of fiscal year 2005 and a large majority of total payments anticipated over the life of 2005 CSP contracts, then, are rewarding participants' status quo level of conservation performance." (p. 2)

Emphasize Quality Over Quantity
"CSP, in statute and in implementation, rewards addressing a broad range of resource concerns. That makes the program more flexible and recognized the multiple benefits flowing from working land. It also introduces the danger that quantity – the number of resource concerns addressed - outweighs quality – the comprehensiveness with which an individual resource concern is addressed. In other words, doing a little for a lot of resource concerns may result in the same reward as doing a lot for a few resource concerns even if those few are of the greatest importance to conserve resources and improve environmental quality in a particular area. The environmental performance of CSP should be enhanced by taking the following steps: (1) emphasize management intensity, (2) focus on resources that matter most, (3) improve quality criteria,...and (4) lift the cap on technical assistance." (p.2)


CONSERVATION SECURITY
PROGRAM (CSP)
PROGRAM ASSESSMENT
A Report from the Soil and Water Conservation Society and Environmental Defense

CONSERVATION SECURITY PROGRAM ASSESSMENT
EXECUTIVE SUMMARY

This assessment of the Conservation Security Program (CSP) is one of four assessments of the major U.S. Department of Agriculture (USDA) conservation programs. These assessments are intended to improve understanding of how these programs are working and how they may be improved. Assessing CSP is particularly important because it has great potential to contribute to a well-focused and strategic conservation effort on the nation's working land.

We relied on fiscal year 2005 program information for most of the analyses presented in this report. USDA's Natural Resources Conservation Service (NRCS) graciously provided us with 2005 CSP program data from its ProTracts database. NRCS staff, particularly the CSP program staff, answered many questions about CSP program policies, guidance, and data. We provided NRCS an advance copy of this report, and the agency graciously agreed to check the accuracy of the data and statements about program policy made in this report. The conclusions and recommendations, however, are solely the responsibility of Environmental Defense and the Soil and Water Conservation Society. NRCS's much-appreciated cooperation in completing this assessment must not be interpreted in any way as an endorsement of our conclusions and recommendations.

CSP FACES SERIOUS CHALLENGES

CSP was designed to serve two purposes: (1) to provide a source of income to producers and (2) to improve environmental quality and natural resource condition in agricultural landscapes. These two purposes are complementary but different. Our assessment suggests that CSP is falling short of realizing either of its two purposes.

Urgent action is needed to recover the promise of CSP. Major changes must be made to the program, and a secure funding level must be established if CSP is to have any hope of realizing its potential. The status quo is not sustainable. Budget constraints, reluctance to replace crop production-based subsidies with stewardship-based subsidies, and a lack of emphasis on rewarding new rather than pre-existing conservation effort has put CSP in a no-mans land, impairing its ability to achieve either of its two purposes and increasing the risk that the program will lose the support of producers, conservation organizations, and Congress.

ALIGN VISION AND FUNDING

It is possible for one program to achieve the two purposes of income support (rewarding good stewards) and environmental improvement (providing incentives for producers to take new actions to help the environment), but not without significant public investment. At least so far, Congress and the Administration have not been willing to make that investment; since enactment of the 2002 farm bill, Congress has capped funding for CSP six times.

These funding caps have had a profound effect on how CSP has been implemented. Even with the restrictions imposed to keep CSP within its budget caps, CSP funding will still have to grow at nearly a geometric rate each year. Traditionally, all the annual payments owed a producer under a multi-year contract are obligated in the fiscal year in which the contract is signed. NRCS, however, took a different approach with CSP and uses all of the funding provided in one fiscal year to pay participants only for the payments due in that fiscal year. This approach to meeting contract obligations substantially increased the number of producers who could participate in CSP, but also means that Congress must increase CSP funding every year in order to allow new producers to participate in the program. Even more funding will be needed each year to reward current participants for doing more to improve the environment. Modifications made to 2004 CSP contracts, for example, increased the cost of those contracts by 69%. This is good news: it indicates the willingness of producers to increase their level of conservation effort on their farms and ranches. But the increase in cost also demonstrates the challenge ahead to provide adequate funding both to reward current participants who are willing to do more and to enroll new producers based on what they are already doing. The variable rate enhancement payment policy implemented in the 2005 sign-up will take some of the pressure off the CSP budget but will also increase the demand by current participants wanting to add new activities to shore up their declining payments.

Achieving such a substantial annual growth in funding for CSP in the next farm bill will be challenging given budget realities and competing demands from numerous stakeholders. Moreover, the difficult and troubling budget history of CSP may make some members of Congress reluctant to dramatically increase funding for the program in the farm bill for fear that later Congressional

actions will result in new caps and diversion of the funding to other purposes.

CSP cannot continue to function with such a large gap between the vision of an open-ended entitlement program and the reality of strict caps on annual funding. The current gap between vision and reality has already sparked intense criticism of the implementation decisions NRCS has made to keep the program within funding caps.

Congress must either provide the funding needed to fully realize the vision or limit the vision of CSP to fit within available funding.

REWARD MORE THAN THE STATUS QUO

CSP, as currently implemented, presents conservationists with a dilemma. Taxpayers are largely paying for environmental benefits they are already receiving. Existing practice payments (4% of payments), stewardship payments (14% of payments), and all of the enhancement payments paid through the end of fiscal year 2005 (82% of payments) are for benchmark, that is, pre-existing practices and activities. Essentially all of the CSP payments made through the end of fiscal year 2005 and a large majority of total payments anticipated over the life of 2005 CSP contracts, then, are rewarding participant's status quo level of conservation effort.

As implemented, CSP puts the priority on rewarding the status quo. Improving the status quo depends entirely on whether Congress increases CSP funding enough to modify current contracts and reward producers for going above and beyond their benchmark (pre-existing) level of conservation effort. Unless CSP reverses its priorities, it will do little to help agriculture meet its serious and growing environmental challenges. Meeting those environmental challenges requires changing the status quo, not rewarding the status quo.

Rewarding the status quo—providing farmers and ranchers a return on their past and ongoing investment in conservation—is a much better way to support income than the current amalgam of crop and income subsidies in place today. It is also a laudable way to reward the good actors in conservation rather than directing taxpayer funding to producers who have not made much of an investment in conservation. But this approach will be costly and will likely require transforming current crop production-based subsidies to subsidies based on stewardship. Until such a fundamental shift in farm policy is made, rewarding the status quo with limited conservation program dollars is an inefficient and likely ineffective way to meet the significant environmental challenges confronting agriculture.

There are many ways CSP could be reformed to do a much better job of helping agriculture meet these challenges. Enhancement payments, for example, could be reserved only for new effort above and beyond the benchmark (pre-existing) level of effort rewarded through stewardship payments. Alternatively, contracting periods in CSP could be shortened to five years and producers be required to do more in order to renew their contracts (and receive higher payments) for another five years. Alternatively, producers could be required to plan for and commit to new conservation practices and activities as part of their CSP contract with their CSP payment growing as those new practices and activities come online.

The CSP framework provides multiple opportunities to increase its effectiveness to improve the status quo level of conservation on U.S. agricultural land. The best specific option to choose depends on many factors, not least of which is the funding level Congress provides for CSP in the future. It is imperative that a future CSP devote much more of its resources to spurring new effort to meet agriculture's mounting environmental challenges.

EMPHASIZE QUALITY OVER QUANTITY

CSP, in statute and in implementation, rewards addressing a broad range of resource concerns. That makes the program more flexible and recognizes the multiple benefits flowing from working land. It also introduces the danger that quantity—the number of resource concerns addressed—outweighs quality—the comprehensiveness with which an individual resource concern is addressed. In other words, doing a little for a lot of resource concerns may result in the same reward as doing a lot for a few resource concerns even if those few are of the greatest importance to conserve resources and improve environmental quality in a particular area. The environmental performance of CSP should be enhanced by taking the following steps:

- Emphasize management intensity
- Focus on resources that matter most
- Improve quality criteria

EMPHASIZE MANAGEMENT INTENSITY

Management intensity is a measure of how completely a producer is addressing a specific resource concern. The intensity with which a resource concern is addressed is often a more direct indication of the environmental benefits produced than simply the number of resources concerns addressed or the total acres treated.

Tying enhancement payments to management intensity could and should help simplify CSP by reducing the number of activities qualifying for enhancement payments. In 2005, for example, there were 52 individual enhancements all of which had some effect on nutrient management and each of which has its unique requirements and payment levels. Instead of such a complex set of individual enhancements, there could, for example, be a single nutrient management enhancement payment, scaled to the intensity and comprehensiveness of treatment, and tailored to the farming system and geographic features of the local watershed. Such an approach would simplify and streamline the program, reduce administrative burdens, and improve the environmental performance of the program.

The concept of management intensity could and should also be incorporated into stewardship payments. Currently, a producer can increase his/her stewardship payment by: (1) addressing more resource concerns, (2) treating more acres, or (3) treating land with higher rental payments. Stewardship payments could and should also be scaled to the level of intensity with which a priority resource concern is addressed. A producer, then, could increase his/her stewardship payment by intensifying his/her management in addition to, or rather than simply by, treating more resource concerns or more acres. Movement to higher tiers could also be based on increasing the intensity and comprehensiveness with which those resource concerns are addressed.

The quantitative indices currently used in CSP could easily be incorporated into a system of graduated payments that increase with increasing level of effort and anticipated environmental benefits. Where such quantitative indices do not exist, the use of practice-based indices could help fill the gap. Strict guidance will be needed to ensure the concept of management intensity is implemented using consistent methods and approaches across the nation and to ensure those methods and approaches are rigorous and technically sound.

FOCUS ON RESOURCES THAT MATTER MOST

The environmental benefits provided by CSP could be greatly increased if the program was targeted at achieving greater level of treatment of only those resource concerns most critical to the environment in a local area or watershed. Allowing the state offices to specify the three most important resources of concern, instead of using soil and water quality as the national bar for eligibility, would allow states to emphasize which resources producers need to address. In watersheds where wildlife habitat or air quality might be particularly problematic, producers would be required to address these issues first. This would ensure that CSP participants are addressing the most important environmental issues in a given area.

We also recommend tying enhancement payments closely to conservation and environmental management needs that address the most important local environmental priorities and contribute substantially to achieving regional and national environmental priorities. This could be accomplished by adjusting the payment rate on selected enhancements to reflect the greater value created by addressing the most important local, regional, and national environmental priorities.

Strict guidance will need to be developed to ensure that the methods and approaches used to target enhancements at critical, local environmental problems produce consistent results across the nation and that the targeting process is driven by rigorous and technically sound criteria.

IMPROVE QUALITY CRITERIA

The rigor and technical soundness of quality criteria are fundamental determinants of the environmental performance of CSP. Quality criteria are used to determine whether treatment of a resource concern is sufficient to meet the nondegradation standard and determine the size of tier-based stewardship and existing practice payments the producer will receive. Quality criteria are also used to determine which conservation activities on the farm or ranch qualify for enhancement payments. Taken together, these two determinations—both based on quality criteria—largely determine how much CSP will spend and what environmental benefits will be produced.

We applaud the efforts NRCS has already taken to strengthen quality criteria. A comprehensive review of quality criteria was beyond the scope of this report, but a cursory review suggests that substantial additional work is needed. Some quality criteria are largely practice-based while others are based on indices. Some indices are more rigorous and quantitative while others are largely qualitative. We recommend three areas to focus effort on improving quality criteria.

First, we applaud and encourage the use of indices, such as the Soil Conditioning Index (SCI) as the basis for quality criteria. We encourage NRCS to continuously test, evaluate, and improve the SCI and other existing indices and to place a high priority on the development of additional indices that can serve as the basis for quality criteria for CSP and all other conservation programs. The role of the SCI has been questioned. The questions raised include technical concerns about the index's applicability to particular farming systems and landscapes and policy questions about the fairness or effectiveness of placing so much emphasis on soil quality in CSP. It is imperative that the technical issues surrounding SCI and all other such indices be thoroughly evaluated and improved on an ongoing basis. One of the most important contributions CSP could make to the portfolio of USDA conservation programs is the development, testing, and application of such indices.

Second, we recommend that greater priority and weight be given to those enhancements for which quality criteria are most rigorous and robust while other quality criteria are strengthened and developed.

Third, wildlife habitat quality criteria appear to be the weakest link currently. We recommend high priority be given to strengthening these criteria. Wildlife habitat management enhancements were the fourth largest category of expenditures for enhancements in 2005. In addition, it appears that a determination of whether benchmark practices and activities were sufficient to meet wildlife habitat quality criteria was the determining factor for placing many operations in Tier III. Making sure habitat criteria are meaningful is critical to ensuring the public is getting real wildlife benefits from CSP.

INCREASE TECHNICAL ASSISTANCE

In addition, Congress must remove the present 15% cap for technical assistance and give the Secretary of Agriculture the flexibility to allocate the amount of funding for technical assistance needed to ensure CSP is implemented effectively and efficiently. The statutory limit on technical assistance has led to decisions that have reduced the environmental performance of the program.

Most important, limited field technical staff and short contracting periods have seriously constrained planning for new practices and activities in the out-years of a producer's CSP contract. This is one of the primary reasons that nearly all of the long-term financial commitment created by 2005 CSP contracts is for "benchmark" practices—practices that were already in place when the producer signed up for CSP.

CSP demands a high degree of technical assistance to conduct benchmark assessments, evaluate the extent to which current efforts meet appropriate treatment standards, and assist producers to plan, and eventually implement, new conservation practices and activities. A stronger technical assistance network is essential to implementing all of the recommendations in this report. Arbitrary limits on technical assistance are unhelpful and impede progress toward creating the effective and efficient program CSP should become.

STRENGTHEN THE PORTFOLIO

CSP has the potential to become a successful conservation incentives program. CSP, or any other reward-based conservation program alone, however, will not be sufficient to meet the environmental agenda confronting U.S. agriculture. The other conservation programs in the portfolio must also grow in funding and effectiveness to create the balanced conservation portfolio needed to meet the environmental challenge U.S. producers' face. Serious reforms must be made to other programs in the conservation title to ensure the most cost-effective practices and systems are encouraged, that a critical mass of participation is achieved to produce real improvements in environmental quality, that critical habitat and landscape features are restored, and to support cooperative, locally led conservation projects on a large scale across the United States. Such reforms are beyond the scope of this assessment but are being developed and will be shared in other reports.

Top Conservation Programs in the 1st district of Alabama (Rep. Jo Bonner), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Conservation Reserve Program	654	$3,117,024
2	Env. Quality Incentive Program	235	$782,032
3	Wildlife Habitat Incentives Program (WHIP)	5	$9,305

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Commodity and Conservation Programs in the 1st district of Alabama (Rep. Jo Bonner), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Cotton Subsidies	762	$38,329,104
2	Peanut Subsidies	421	$14,562,004
3	Conservation Reserve Program	654	$3,117,024
4	Corn Subsidies	886	$2,105,289
5	Env. Quality Incentive Program	235	$782,032
6	Wheat Subsidies	623	$537,549
7	Soybean Subsidies	237	$214,395
8	Dairy Program Subsidies	8	$140,885
9	Sorghum Subsidies	197	$57,141
10	Oat Subsidies	242	$30,318
11	Wildlife Habitat Incentives Program (WHIP)	5	$9,305
12	Rice Subsidies	2	$89
13	Sunflower Subsidies	5	$73

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Conservation Programs in the 3rd district of Iowa (Rep. Leonard L. Boswell), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Conservation Reserve Program	7,770	$90,856,200
2	Env. Quality Incentive Program	446	$2,176,212
3	Wetlands Reserve Program	12	$205,251
4	Total Conservation Security Program	27	$139,061
5	Wildlife Habitat Incentives Program (WHIP)	9	$21,035
6	Grasslands Reserve Program	1	$2,410

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Commodity and Conservation Programs in the 3rd district of Iowa (Rep. Leonard L. Boswell), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Corn Subsidies	13,027	$364,622,289
2	Conservation Reserve Program	7,770	$90,856,200
3	Soybean Subsidies	11,497	$39,252,279
4	Env. Quality Incentive Program	446	$2,176,212
5	Dairy Program Subsidies	164	$1,992,681
6	Wheat Subsidies	1,105	$283,925
7	Wetlands Reserve Program	12	$205,251
8	Total Conservation Security Program	27	$139,061
9	Oat Subsidies	3,140	$120,694
10	Wool Subsidies	320	$110,553
11	Sorghum Subsidies	175	$65,993
12	Sheep Meat Subsidies	91	$25,413
13	Wildlife Habitat Incentives Program (WHIP)	9	$21,035
14	Dry Pea Subsidies	10	$5,678
15	Grasslands Reserve Program	1	$2,410
16	Mohair Subsidies	1	$1,498
17	Barley Subsidies	32	$1,451
18	Flax Subsidies	6	$72

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Conservation Programs in the 2nd district of Kansas (Rep. Nancy E. Boyda), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Conservation Reserve Program	6,414	$39,992,770
2	Env. Quality Incentive Program	817	$3,544,245
3	Total Conservation Security Program	147	$975,003
4	Wetlands Reserve Program	20	$200,648
5	Wildlife Habitat Incentives Program (WHIP)	61	$160,723
6	Grasslands Reserve Program	7	$77,541

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Commodity and Conservation Programs in the 2nd district of Kansas (Rep. Nancy E. Boyda), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Corn Subsidies	15,364	$110,071,880
2	Sorghum Subsidies	18,796	$49,651,931
3	Wheat Subsidies	19,777	$41,462,143
4	Conservation Reserve Program	6,414	$39,992,770
5	Soybean Subsidies	18,691	$23,058,293
6	Env. Quality Incentive Program	817	$3,544,245
7	Dairy Program Subsidies	306	$3,505,207
8	Total Conservation Security Program	147	$975,003
9	Wetlands Reserve Program	20	$200,648
10	Wildlife Habitat Incentives Program (WHIP)	61	$160,723
11	Sunflower Subsidies	368	$106,158
12	Cotton Subsidies	25	$99,332
13	Grasslands Reserve Program	7	$77,541
14	Barley Subsidies	673	$61,061
15	Oat Subsidies	2,812	$54,355
16	Wool Subsidies	83	$15,591
17	Dry Pea Subsidies	11	$6,208
18	Sheep Meat Subsidies	23	$5,364
19	Canola Subsidies	1	$49

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Conservation Programs in the 18th district of California (Rep. Dennis A. Cardoza), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Env. Quality Incentive Program	282	$2,419,418
2	Conservation Reserve Program	28	$185,179
3	Grasslands Reserve Program	2	$92,732
4	Wetlands Reserve Program	2	$37,008

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Commodity and Conservation Programs in the 18th district of California (Rep. Dennis A. Cardoza), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Cotton Subsidies	795	$74,723,391
2	Dairy Program Subsidies	709	$18,664,192
3	Corn Subsidies	1,315	$15,867,968
4	Rice Subsidies	139	$5,452,704
5	Wheat Subsidies	899	$3,750,842
6	Env. Quality Incentive Program	282	$2,419,418
7	Oat Subsidies	971	$523,545
8	Barley Subsidies	548	$453,254
9	Conservation Reserve Program	28	$185,179
10	Grasslands Reserve Program	2	$92,732
11	Wool Subsidies	18	$77,294
12	Sorghum Subsidies	172	$58,319
13	Safflower Subsidies	105	$48,407
14	Wetlands Reserve Program	2	$37,008
15	Sheep Meat Subsidies	2	$10,850
16	Sunflower Subsidies	1	$74

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Conservation Programs in the 20th district of California (Rep. Jim Costa), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Env. Quality Incentive Program	360	$2,532,236
2	Wetlands Reserve Program	7	$225,509
3	Wildlife Habitat Incentives Program (WHIP)	5	$23,423
4	Conservation Reserve Program	1	$8,781

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Commodity and Conservation Programs in the 20th district of California (Rep. Jim Costa), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Cotton Subsidies	2,026	$241,704,155
2	Dairy Program Subsidies	413	$9,386,099
3	Wheat Subsidies	1,659	$7,172,980
4	Corn Subsidies	1,365	$5,979,435
5	Env. Quality Incentive Program	360	$2,532,236
6	Barley Subsidies	1,300	$1,555,084
7	Rice Subsidies	206	$821,938
8	Sorghum Subsidies	493	$271,981
9	Wool Subsidies	18	$255,530
10	Wetlands Reserve Program	7	$225,509
11	Oat Subsidies	271	$32,842
12	Sheep Meat Subsidies	5	$24,549
13	Wildlife Habitat Incentives Program (WHIP)	5	$23,423
14	Safflower Subsidies	91	$17,027
15	Conservation Reserve Program	1	$8,781
16	Sunflower Subsidies	2	$2,298
17	Peanut Subsidies	1	$43

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Conservation Programs in the 28th district of Texas (Rep. Henry Cuellar), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Conservation Reserve Program	155	$3,245,985
2	Env. Quality Incentive Program	193	$818,850
3	Wildlife Habitat Incentives Program (WHIP)	2	$13,696
4	Total Conservation Security Program	2	$9,734

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Commodity and Conservation Programs in the 28th district of Texas (Rep. Henry Cuellar), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Peanut Subsidies	586	$28,181,559
2	Sorghum Subsidies	1,813	$5,336,644
3	Corn Subsidies	1,531	$4,277,503
4	Cotton Subsidies	244	$4,232,167
5	Conservation Reserve Program	155	$3,245,985
6	Wheat Subsidies	1,333	$1,254,215
7	Env. Quality Incentive Program	193	$818,850
8	Dairy Program Subsidies	26	$479,886
9	Oat Subsidies	584	$34,620
10	Wildlife Habitat Incentives Program (WHIP)	2	$13,696
11	Total Conservation Security Program	2	$9,734
12	Sunflower Subsidies	5	$1,960
13	Soybean Subsidies	21	$1,456
14	Wool Subsidies	5	$591
15	Barley Subsidies	10	$174

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Conservation Programs in the 8th district of Indiana (Rep. Brad Ellsworth), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Conservation Reserve Program	3,962	$19,687,683
2	Wetlands Reserve Program	53	$2,732,276
3	Env. Quality Incentive Program	292	$1,497,211
4	Total Conservation Security Program	219	$1,411,497
5	Grasslands Reserve Program	5	$239,583
6	Wildlife Habitat Incentives Program (WHIP)	30	$62,291

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Commodity and Conservation Programs in the 8th district of Indiana (Rep. Brad Ellsworth), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Corn Subsidies	16,624	$260,487,927
2	Soybean Subsidies	15,660	$31,310,910
3	Conservation Reserve Program	3,962	$19,687,683
4	Wheat Subsidies	10,141	$11,340,956
5	Wetlands Reserve Program	53	$2,732,276
6	Dairy Program Subsidies	163	$1,627,220
7	Env. Quality Incentive Program	292	$1,497,211
8	Sorghum Subsidies	1,542	$1,466,730
9	Total Conservation Security Program	219	$1,411,497
10	Grasslands Reserve Program	5	$239,583
11	Wildlife Habitat Incentives Program (WHIP)	30	$62,291
12	Barley Subsidies	42	$12,934
13	Wool Subsidies	31	$11,664
14	Oat Subsidies	428	$4,325
15	Dry Pea Subsidies	2	$2,432
16	Sunflower Subsidies	10	$211
17	Canola Subsidies	9	$32
18	Flax Subsidies	4	$12

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Conservation Programs in the 2nd district of Alabama (Rep. Terry Everett), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Conservation Reserve Program	4,005	$28,300,924
2	Env. Quality Incentive Program	570	$2,592,834
3	Wildlife Habitat Incentives Program (WHIP)	28	$83,535
4	Grasslands Reserve Program	10	$35,348

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Commodity and Conservation Programs in the 2nd district of Alabama (Rep. Terry Everett), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Peanut Subsidies	4,242	$102,164,006
2	Cotton Subsidies	3,242	$74,613,134
3	Conservation Reserve Program	4,005	$28,300,924
4	Corn Subsidies	4,843	$6,418,361
5	Env. Quality Incentive Program	570	$2,592,834
6	Wheat Subsidies	3,130	$1,671,835
7	Sorghum Subsidies	2,447	$823,940
8	Dairy Program Subsidies	31	$736,200
9	Oat Subsidies	1,315	$84,230
10	Wildlife Habitat Incentives Program (WHIP)	28	$83,535
11	Soybean Subsidies	348	$53,821
12	Grasslands Reserve Program	10	$35,348
13	Canola Subsidies	24	$5,848
14	Barley Subsidies	9	$3,673
15	Sunflower Subsidies	5	$484

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Conservation Programs in the 1st district of Nebraska (Rep. Jeff Fortenberry), program years 2003-2005:

Rank	Program	Number of beneficiaries program years 2003-2005	Total program years 2003-2005
1	Conservation Reserve Program	9,969	$102,054,160
2	Wetlands Reserve Program	91	$3,272,851
3	Grasslands Reserve Program	17	$2,171,065
4	Env. Quality Incentive Program	361	$1,418,990
5	Total Conservation Security Program	235	$552,523

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Commodity and Conservation Programs in the 1st district of Nebraska (Rep. Jeff Fortenberry), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Corn Subsidies	25,910	$521,069,309
2	Conservation Reserve Program	9,969	$102,054,160
3	Soybean Subsidies	24,362	$64,871,957
4	Sorghum Subsidies	13,011	$62,157,773
5	Wheat Subsidies	12,544	$11,987,416
6	Dairy Program Subsidies	350	$3,922,796
7	Wetlands Reserve Program	91	$3,272,851
8	Grasslands Reserve Program	17	$2,171,065
9	Env. Quality Incentive Program	361	$1,418,990
10	Total Conservation Security Program	235	$552,523
11	Oat Subsidies	3,209	$192,957
12	Wool Subsidies	212	$50,627
13	Sunflower Subsidies	27	$16,302
14	Barley Subsidies	120	$14,604
15	Dry Pea Subsidies	12	$13,188
16	Sheep Meat Subsidies	76	$12,879
17	Mohair Subsidies	3	$8,837
18	Cotton Subsidies	1	$332

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Conservation Programs in the 20th district of New York (Rep. Kirsten E. Gillibrand), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Conservation Reserve Program	271	$2,498,344
2	Env. Quality Incentive Program	169	$717,991
3	Wetlands Reserve Program	4	$15,267
4	Grasslands Reserve Program	8	$4,275
5	Wildlife Habitat Incentives Program (WHIP)	7	$3,358

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Commodity and Conservation Programs in the 20th district of New York (Rep. Kirsten E. Gillibrand), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Corn Subsidies	1,488	$14,707,254
2	Dairy Program Subsidies	1,010	$12,993,398
3	Conservation Reserve Program	271	$2,498,344
4	Env. Quality Incentive Program	169	$717,991
5	Wheat Subsidies	203	$60,627
6	Soybean Subsidies	95	$45,576
7	Barley Subsidies	155	$31,771
8	Oat Subsidies	634	$18,013
9	Wetlands Reserve Program	4	$15,267
10	Wool Subsidies	62	$12,468
11	Sorghum Subsidies	34	$5,514
12	Mohair Subsidies	6	$4,656
13	Grasslands Reserve Program	8	$4,275
14	Sheep Meat Subsidies	18	$3,983
15	Wildlife Habitat Incentives Program (WHIP)	7	$3,358
16	Sunflower Subsidies	4	$76

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Conservation Programs in the 6th district of Missouri (Rep. Sam Graves), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Conservation Reserve Program	12,186	$166,924,386
2	Env. Quality Incentive Program	435	$2,206,957
3	Wetlands Reserve Program	55	$1,086,568
4	Total Conservation Security Program	136	$444,504
5	Wildlife Habitat Incentives Program (WHIP)	51	$127,833
6	Grasslands Reserve Program	32	$51,886

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Commodity and Conservation Programs in the 6th district of Missouri (Rep. Sam Graves), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Corn Subsidies	19,917	$200,070,572
2	Conservation Reserve Program	12,186	$166,924,386
3	Soybean Subsidies	16,526	$40,826,083
4	Wheat Subsidies	14,041	$20,069,022
5	Sorghum Subsidies	7,383	$7,947,302
6	Env. Quality Incentive Program	435	$2,206,957
7	Dairy Program Subsidies	136	$1,326,505
8	Wetlands Reserve Program	55	$1,086,568
9	Total Conservation Security Program	136	$444,504
10	Wildlife Habitat Incentives Program (WHIP)	51	$127,833
11	Grasslands Reserve Program	32	$51,886
12	Oat Subsidies	1,937	$38,354
13	Wool Subsidies	169	$35,564
14	Barley Subsidies	114	$19,669
15	Dry Pea Subsidies	2	$1,412
16	Sheep Meat Subsidies	16	$1,397
17	Sunflower Subsidies	15	$619
18	Sesame Subsidies	1	$21

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Conservation Programs in the 8th district of North Carolina (Rep. Robin Hayes), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Conservation Reserve Program	797	$2,398,242
2	Env. Quality Incentive Program	106	$1,238,079
3	Total Conservation Security Program	1	$14,193
4	Grasslands Reserve Program	1	$4,436

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Commodity and Conservation Programs in the 8th district of North Carolina (Rep. Robin Hayes), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Cotton Subsidies	626	$25,202,314
2	Corn Subsidies	1,722	$6,223,111
3	Conservation Reserve Program	797	$2,398,242
4	Wheat Subsidies	1,579	$2,035,700
5	Soybean Subsidies	1,334	$1,600,559
6	Env. Quality Incentive Program	106	$1,238,079
7	Dairy Program Subsidies	16	$337,014
8	Sorghum Subsidies	512	$161,069
9	Barley Subsidies	434	$141,723
10	Peanut Subsidies	23	$77,104
11	Oat Subsidies	434	$15,875
12	Total Conservation Security Program	1	$14,193
13	Grasslands Reserve Program	1	$4,436
14	Sunflower Subsidies	14	$2,097
15	Wool Subsidies	2	$223

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Conservation Programs in the At Large District of South Dakota (Rep. Stephanie Herseth), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Conservation Reserve Program	19,391	$204,562,290
2	Env. Quality Incentive Program	1,626	$16,000,164
3	Wildlife Habitat Incentives Program (WHIP)	206	$931,654
4	Total Conservation Security Program	129	$663,621
5	Wetlands Reserve Program	87	$528,754
6	Grasslands Reserve Program	22	$406,662

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Commodity and Conservation Programs in the At Large District of South Dakota (Rep. Stephanie Herseth), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Corn Subsidies	37,520	$732,992,890
2	Conservation Reserve Program	19,391	$204,562,290
3	Wheat Subsidies	28,389	$140,994,704
4	Soybean Subsidies	30,904	$135,707,775
5	Sorghum Subsidies	9,499	$19,387,532
6	Sunflower Subsidies	8,429	$16,256,919
7	Env. Quality Incentive Program	1,626	$16,000,164
8	Dairy Program Subsidies	1,909	$14,525,612
9	Barley Subsidies	10,257	$8,121,510
10	Dry Pea Subsidies	504	$2,222,871
11	Oat Subsidies	15,985	$1,865,149
12	Wool Subsidies	1,782	$1,388,120
13	Wildlife Habitat Incentives Program (WHIP)	206	$931,654
14	Total Conservation Security Program	129	$663,621
15	Wetlands Reserve Program	87	$528,754
16	Grasslands Reserve Program	22	$406,662
17	Sheep Meat Subsidies	538	$220,410
18	Flax Subsidies	442	$131,415
19	Safflower Subsidies	290	$81,013
20	Chick Pea Susbidies	27	$42,006

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Conservation Programs in the 17th district of Pennsylvania (Rep. Tim Holden), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Conservation Reserve Program	751	$6,479,315
2	Env. Quality Incentive Program	42	$488,901
3	Total Conservation Security Program	80	$173,345
4	Grasslands Reserve Program	1	$1,287

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Commodity and Conservation Programs in the 17th district of Pennsylvania (Rep. Tim Holden), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Corn Subsidies	1,296	$14,796,878
2	Dairy Program Subsidies	584	$10,890,385
3	Conservation Reserve Program	751	$6,479,315
4	Soybean Subsidies	861	$1,112,113
5	Wheat Subsidies	875	$785,695
6	Env. Quality Incentive Program	42	$488,901
7	Barley Subsidies	554	$308,091
8	Total Conservation Security Program	80	$173,345
9	Sorghum Subsidies	93	$60,884
10	Oat Subsidies	651	$18,131
11	Wool Subsidies	15	$4,731
12	Sheep Meat Subsidies	4	$2,691
13	Mohair Subsidies	2	$1,803
14	Grasslands Reserve Program	1	$1,287
15	Rapeseed Subsidies	1	$36
16	Sunflower Subsidies	2	$19

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Conservation Programs in the 8th district of Wisconsin (Rep. Steve Kagen), program years 2003-2005:

Rank	Program	Number of beneficiaries program years 2003-2005	Total program years 2003-2005
1	Conservation Reserve Program	2,370	$8,128,073
2	Env. Quality Incentive Program	615	$2,467,072
3	Total Conservation Security Program	128	$837,741
4	Wetlands Reserve Program	3	$31,730
5	Grasslands Reserve Program	8	$5,722
6	Wildlife Habitat Incentives Program (WHIP)	3	$3,333

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Commodity and Conservation Programs in the 8th district of Wisconsin (Rep. Steve Kagen), program years 2003-2005:

Rank	Program	Number of beneficiaries program years 2003-2005	Total program years 2003-2005
1	Corn Subsidies	6,900	$76,082,413
2	Dairy Program Subsidies	3,336	$43,726,527
3	Conservation Reserve Program	2,370	$8,128,073
4	Soybean Subsidies	3,277	$3,366,700
5	Env. Quality Incentive Program	615	$2,467,072
6	Wheat Subsidies	2,326	$1,180,021
7	Total Conservation Security Program	128	$837,741
8	Barley Subsidies	1,855	$607,285
9	Oat Subsidies	4,860	$232,032
10	Dry Pea Subsidies	23	$41,312
11	Wetlands Reserve Program	3	$31,730
12	Sunflower Subsidies	48	$10,998
13	Wool Subsidies	31	$6,740
14	Sorghum Subsidies	143	$6,269
15	Grasslands Reserve Program	8	$5,722
16	Wildlife Habitat Incentives Program (WHIP)	3	$3,333
17	Mohair Subsidies	1	$1,344
18	Sheep Meat Subsidies	8	$267
19	Rapeseed Subsidies	10	$54
20	Safflower Subsidies	2	$15

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Conservation Programs in the 5th district of Iowa (Rep. Steve King), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Conservation Reserve Program	16,962	$166,853,082
2	Env. Quality Incentive Program	1,320	$6,693,672
3	Total Conservation Security Program	741	$4,809,988
4	Wetlands Reserve Program	17	$900,640
5	Wildlife Habitat Incentives Program (WHIP)	27	$128,893
6	Grasslands Reserve Program	30	$77,641

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Commodity and Conservation Programs in the 5th district of Iowa (Rep. Steve King), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Corn Subsidies	34,355	$1,026,961,927
2	Conservation Reserve Program	16,962	$166,853,082
3	Soybean Subsidies	31,574	$124,817,370
4	Env. Quality Incentive Program	1,320	$6,693,672
5	Dairy Program Subsidies	421	$5,837,235
6	Total Conservation Security Program	741	$4,809,988
7	Wheat Subsidies	3,787	$1,323,244
8	Wetlands Reserve Program	17	$900,640
9	Wool Subsidies	715	$352,780
10	Oat Subsidies	6,346	$313,000
11	Sorghum Subsidies	599	$216,895
12	Sheep Meat Subsidies	337	$181,457
13	Wildlife Habitat Incentives Program (WHIP)	27	$128,893
14	Grasslands Reserve Program	30	$77,641
15	Barley Subsidies	142	$39,917
16	Cotton Subsidies	4	$97
17	Flax Subsidies	2	$21
18	Mohair Subsidies	1	$20

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Conservation Programs in the 3rd district of Oklahoma (Rep. Frank D. Lucas), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Conservation Reserve Program	8,619	$97,134,709
2	Env. Quality Incentive Program	1,418	$5,374,038
3	Total Conservation Security Program	266	$2,046,654
4	Wetlands Reserve Program	21	$795,085
5	Grasslands Reserve Program	34	$144,816
6	Wildlife Habitat Incentives Program (WHIP)	12	$35,848

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Commodity and Conservation Programs in the 3rd district of Oklahoma (Rep. Frank D. Lucas), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Wheat Subsidies	33,354	$258,264,235
2	Conservation Reserve Program	8,619	$97,134,709
3	Cotton Subsidies	5,921	$88,905,669
4	Peanut Subsidies	1,152	$39,566,745
5	Corn Subsidies	2,461	$29,111,443
6	Sorghum Subsidies	10,913	$22,227,056
7	Env. Quality Incentive Program	1,418	$5,374,038
8	Dairy Program Subsidies	202	$2,339,076
9	Total Conservation Security Program	266	$2,046,654
10	Wetlands Reserve Program	21	$795,085
11	Barley Subsidies	2,210	$468,299
12	Soybean Subsidies	2,186	$459,717
13	Sunflower Subsidies	240	$347,493
14	Grasslands Reserve Program	34	$144,816
15	Oat Subsidies	5,761	$113,214
16	Wool Subsidies	106	$60,275
17	Wildlife Habitat Incentives Program (WHIP)	12	$35,848
18	Mohair Subsidies	3	$2,222
19	Dry Pea Subsidies	3	$1,515
20	Canola Subsidies	2	$916

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Conservation Programs in the 1st district of Kansas (Rep. Jerry Moran), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Conservation Reserve Program	29,993	$274,208,762
2	Env. Quality Incentive Program	2,698	$14,300,557
3	Total Conservation Security Program	834	$7,097,058
4	Wildlife Habitat Incentives Program (WHIP)	135	$413,461
5	Grasslands Reserve Program	23	$404,301
6	Wetlands Reserve Program	6	$108,598

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Commodity and Conservation Programs in the 1st district of Kansas (Rep. Jerry Moran), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Wheat Subsidies	74,242	$484,789,624
2	Corn Subsidies	31,759	$459,192,902
3	Sorghum Subsidies	66,167	$342,525,508
4	Conservation Reserve Program	29,993	$274,208,762
5	Soybean Subsidies	26,300	$21,686,434
6	Env. Quality Incentive Program	2,898	$14,300,557
7	Total Conservation Security Program	834	$7,097,058
8	Sunflower Subsidies	8,816	$5,455,188
9	Cotton Subsidies	987	$5,379,553
10	Dairy Program Subsidies	380	$5,199,134
11	Barley Subsidies	14,689	$4,545,527
12	Wildlife Habitat Incentives Program (WHIP)	135	$413,461
13	Grasslands Reserve Program	23	$404,301
14	Oat Subsidies	12,807	$362,446
15	Wool Subsidies	294	$165,916
16	Wetlands Reserve Program	6	$108,598
17	Sheep Meat Subsidies	75	$28,908
18	Dry Pea Subsidies	24	$17,631
19	Peanut Subsidies	3	$3,555
20	Mohair Subsidies	3	$2,143

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Conservation Programs in the 4th district of Colorado (Rep. Marilyn N. Musgrave), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Conservation Reserve Program	7,049	$160,602,450
2	Env. Quality Incentive Program	1,319	$7,969,256
3	Total Conservation Security Program	139	$1,645,543
4	Wetlands Reserve Program	10	$341,696
5	Wildlife Habitat Incentives Program (WHIP)	44	$234,407
6	Grasslands Reserve Program	3	$22,200

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Commodity and Conservation Programs in the 4th district of Colorado (Rep. Marilyn N. Musgrave), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Corn Subsidies	9,538	$203,978,459
2	Conservation Reserve Program	7,049	$160,602,450
3	Wheat Subsidies	13,719	$107,408,605
4	Sorghum Subsidies	4,733	$12,569,722
5	Env. Quality Incentive Program	1,319	$7,969,256
6	Dairy Program Subsidies	226	$5,134,102
7	Barley Subsidies	6,198	$4,039,816
8	Sunflower Subsidies	2,734	$2,975,585
9	Total Conservation Security Program	139	$1,645,543
10	Sheep Meat Subsidies	27	$802,313
11	Wetlands Reserve Program	10	$341,696
12	Wildlife Habitat Incentives Program (WHIP)	44	$234,407
13	Wool Subsidies	109	$149,138
14	Soybean Subsidies	400	$129,176
15	Dry Pea Subsidies	34	$82,226
16	Oat Subsidies	3,106	$81,693
17	Grasslands Reserve Program	3	$22,200
18	Canola Subsidies	16	$2,235
19	Safflower Subsidies	9	$672

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Conservation Programs in the 3rd district of Alabama (Rep. Mike Rogers), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Conservation Reserve Program	548	$3,931,691
2	Env. Quality Incentive Program	273	$1,087,522
3	Grasslands Reserve Program	5	$205,445
4	Wildlife Habitat Incentives Program (WHIP)	9	$37,648

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Commodity and Conservation Programs in the 3rd district of Alabama (Rep. Mike Rogers), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Cotton Subsidies	736	$22,506,052
2	Conservation Reserve Program	548	$3,931,691
3	Peanut Subsidies	45	$3,113,733
4	Corn Subsidies	885	$1,686,601
5	Env. Quality Incentive Program	273	$1,087,522
6	Wheat Subsidies	771	$852,496
7	Dairy Program Subsidies	25	$304,369
8	Soybean Subsidies	352	$237,147
9	Grasslands Reserve Program	5	$205,445
10	Sorghum Subsidies	497	$182,477
11	Wildlife Habitat Incentives Program (WHIP)	9	$37,648
12	Oat Subsidies	161	$5,350
13	Wool Subsidies	2	$810
14	Barley Subsidies	5	$246

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Conservation Programs in the 3rd district of Colorado (Rep. John T. Salazar), program years 2003-2005:

Rank	Program	Number of beneficiaries program years 2003-2005	Total program years 2003-2005
1	Conservation Reserve Program	913	$16,244,493
2	Env. Quality Incentive Program	1,204	$11,774,452
3	Grasslands Reserve Program	6	$429,786
4	Wildlife Habitat Incentives Program (WHIP)	32	$397,764
5	Total Conservation Security Program	56	$337,682
6	Wetlands Reserve Program	2	$14,274

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Commodity and Conservation Programs in the 3rd district of Colorado (Rep. John T. Salazar), program years 2003-2005:

Rank	Program	Number of beneficiaries program years 2003-2005	Total program years 2003-2005
1	Conservation Reserve Program	913	$16,244,493
2	Env. Quality Incentive Program	1,204	$11,774,452
3	Wheat Subsidies	2,889	$8,681,692
4	Corn Subsidies	1,245	$7,180,967
5	Barley Subsidies	1,694	$6,846,815
6	Dairy Program Subsidies	40	$951,551
7	Wool Subsidies	309	$820,563
8	Sorghum Subsidies	442	$442,982
9	Grasslands Reserve Program	6	$429,786
10	Wildlife Habitat Incentives Program (WHIP)	32	$397,764
11	Total Conservation Security Program	56	$337,682
12	Sheep Meat Subsidies	33	$226,896
13	Oat Subsidies	1,488	$101,673
14	Canola Subsidies	43	$29,303
15	Wetlands Reserve Program	2	$14,274
16	Cotton Subsidies	10	$12,411
17	Soybean Subsidies	46	$10,888
18	Safflower Subsidies	42	$6,610
19	Mohair Subsidies	14	$4,724
20	Dry Pea Subsidies	1	$2,292

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Conservation Programs in the 2nd district of Ohio (Rep. Jean Schmidt), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Conservation Reserve Program	443	$3,144,172
2	Env. Quality Incentive Program	100	$418,943
3	Grasslands Reserve Program	18	$28,571

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Commodity and Conservation Programs in the 2nd district of Ohio (Rep. Jean Schmidt), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Corn Subsidies	3,118	$17,197,586
2	Soybean Subsidies	1,809	$4,134,364
3	Conservation Reserve Program	443	$3,144,172
4	Dairy Program Subsidies	122	$934,127
5	Wheat Subsidies	1,922	$834,384
6	Env. Quality Incentive Program	100	$418,943
7	Grasslands Reserve Program	18	$28,571
8	Oat Subsidies	279	$2,379
9	Wool Subsidies	11	$1,340
10	Barley Subsidies	24	$1,228
11	Sunflower Subsidies	3	$1,140
12	Sorghum Subsidies	7	$751
13	Mohair Subsidies	1	$173
14	Sheep Meat Subsidies	5	$150

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Conservation Programs in the 13th District of Georgia (Rep. David Scott), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Env. Quality Incentive Program	6	$41,015
2	Conservation Reserve Program	13	$29,228

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Commodity and Conservation Programs in the 13th District of Georgia (Rep. David Scott), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Wheat Subsidies	70	$71,459
2	Env. Quality Incentive Program	6	$41,015
3	Conservation Reserve Program	13	$29,228
4	Peanut Subsidies	2	$12,967
5	Sorghum Subsidies	21	$9,831
6	Corn Subsidies	20	$2,866
7	Barley Subsidies	10	$2,779
8	Soybean Subsidies	4	$2,573
9	Cotton Subsidies	3	$2,044
10	Oat Subsidies	15	$198
11	Canola Subsidies	1	$33

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Conservation Programs in the 18th district of Ohio (Rep. Zachary T. Space), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Conservation Reserve Program	968	$5,929,159
2	Env. Quality Incentive Program	371	$1,680,365
3	Grasslands Reserve Program	52	$73,897
4	Wildlife Habitat Incentives Program (WHIP)	7	$41,497
5	Total Conservation Security Program	7	$15,922
6	Wetlands Reserve Program	1	$8,288

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Commodity and Conservation Programs in the 18th district of Ohio (Rep. Zachary T. Space), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Corn Subsidies	4,323	$46,463,590
2	Dairy Program Subsidies	761	$8,395,783
3	Conservation Reserve Program	968	$5,929,159
4	Soybean Subsidies	2,284	$4,197,771
5	Wheat Subsidies	2,547	$1,752,560
6	Env. Quality Incentive Program	371	$1,680,365
7	Grasslands Reserve Program	52	$73,897
8	Wool Subsidies	248	$59,587
9	Wildlife Habitat Incentives Program (WHIP)	7	$41,497
10	Barley Subsidies	257	$27,864
11	Oat Subsidies	1,475	$27,395
12	Mohair Subsidies	8	$19,476
13	Total Conservation Security Program	7	$15,922
14	Sheep Meat Subsidies	128	$12,559
15	Wetlands Reserve Program	1	$8,288
16	Sorghum Subsidies	41	$8,018
17	Sunflower Subsidies	10	$43

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Conservation Programs in the 7th district of Michigan (Rep. Timothy Walberg), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Conservation Reserve Program	3,033	$21,603,243
2	Total Conservation Security Program	226	$4,488,187
3	Env. Quality Incentive Program	148	$1,334,776
4	Wetlands Reserve Program	14	$375,697
5	Wildlife Habitat Incentives Program (WHIP)	11	$25,917
6	Grasslands Reserve Program	6	$8,886

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Commodity and Conservation Programs in the 7th district of Michigan (Rep. Timothy Walberg), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Corn Subsidies	5,252	$105,701,984
2	Conservation Reserve Program	3,033	$21,603,243
3	Soybean Subsidies	4,252	$11,261,476
4	Wheat Subsidies	3,977	$6,986,250
5	Dairy Program Subsidies	424	$5,844,997
6	Total Conservation Security Program	226	$4,488,187
7	Env. Quality Incentive Program	148	$1,334,776
8	Wetlands Reserve Program	14	$375,697
9	Wool Subsidies	98	$49,921
10	Wildlife Habitat Incentives Program (WHIP)	11	$25,917
11	Oat Subsidies	957	$17,233
12	Barley Subsidies	130	$11,714
13	Grasslands Reserve Program	6	$8,886
14	Sorghum Subsidies	30	$6,349
15	Sheep Meat Subsidies	19	$4,428
16	Mohair Subsidies	2	$2,848
17	Sunflower Subsidies	2	$30

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Conservation Programs in the 1st district of Minnesota (Rep. Timothy J. Walz), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Conservation Reserve Program	11,176	$66,958,093
2	Env. Quality Incentive Program	955	$6,709,067
3	Total Conservation Security Program	464	$4,088,816
4	Wetlands Reserve Program	36	$726,656
5	Wildlife Habitat Incentives Program (WHIP)	68	$172,479
6	Grasslands Reserve Program	21	$44,715

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

Top Commodity and Conservation Programs in the 1st district of Minnesota (Rep. Timothy J. Walz), program years 2003-2005:

Rank	Program	Number of Beneficiaries program years 2003-2005	Total program years 2003-2005
1	Corn Subsidies	20,029	$804,289,124
2	Soybean Subsidies	18,132	$92,955,011
3	Conservation Reserve Program	11,176	$66,958,093
4	Dairy Program Subsidies	2,191	$28,866,255
5	Env. Quality Incentive Program	955	$6,709,067
6	Total Conservation Security Program	464	$4,088,816
7	Wheat Subsidies	4,378	$1,669,773
8	Wetlands Reserve Program	36	$726,656
9	Barley Subsidies	1,060	$481,383
10	Oat Subsidies	5,159	$299,102
11	Wool Subsidies	556	$174,121
12	Wildlife Habitat Incentives Program (WHIP)	68	$172,479
13	Sheep Meat Subsidies	241	$71,572
14	Grasslands Reserve Program	21	$44,715
15	Mohair Subsidies	7	$10,245
16	Sunflower Subsidies	8	$9,519
17	Sorghum Subsidies	22	$7,120
18	Flax Subsidies	1	$48

Source: Environmental Working Group. Compiled from USDA Section 1614 Data Release, December 2006.

United States House of Representatives
Committee on Agriculture
Subcommittee on Conservation, Credit, Energy, and Research

Testimony of Loni Kemp,
Senior Policy Analyst, The Minnesota Project

Hearing on USDA Farm Bill Conservation Programs
Washington, D.C.
April 19, 2007

Mr. Chairman and Members of the Subcommittee, thank you for the opportunity to discuss the conservation title of the farm bill. I represent the Minnesota Project, now in our 28th year of working to ensure strong local economies, vibrant communities and a healthy environment. We support policies for profitable farms that protect the environment, clean energy, and local foods. We are members of the Sustainable Agriculture Coalition, an alliance of grassroots farm, rural, and conservation organizations advocating for federal policies to support the long-term economic and environmental sustainability of agriculture and rural communities. I am also on the board of the National Campaign for Sustainable Agriculture, a national network helping grassroots concerns and priorities be heard in Washington, D.C., and serve as Chair of its Stewardship Incentives Committee.

I have been asked by the Subcommittee to focus my remarks on the **Conservation Security Program**. I will also touch on other aspects of the conservation title, including **renewable energy** implications for the environment.

The significant question for the next farm bill, as for all farm bills, is what do we want for the future of agriculture? Will the policies you enact this year enable us, and our children and future generations, to produce healthy food, a safe environment, clean energy, and vibrant rural communities?

I believe that the conservation title of the farm bill is possibly our nation's most important environmental law. The farm bill determines how half of the nation's land is cared for, land for which farmers and ranchers are the stewards. This is where the fate of water quality lies – in the farm bill. So too the fate of wildlife habitat, soil quality, the Mississippi River Dead Zone, groundwater, and even the long-term food security of our nation – all shaped by the conservation title. A nation that cannot feed itself because of degraded soils, or drink its own water, can never control its own destiny. Add to that the huge positive contribution agriculture is poised to make toward the most pressing issues of our time – national energy security and global climate change – and we see that these conservation programs are central to our nation's future.

I just arrived from Canton, Minnesota, and I can tell you there is optimism in the countryside these days. Farmers believe they can help the country move toward homegrown, renewable energy, while they take care of the environment on their working farmlands. I see a fundamental shift in the American perception of farmers. Of course, they produce our food and fiber, but now

they are also being called upon to produce clean water, renewable energy and a more stable climate. Americans depend on farmers to be stewards of vast resources, and they want to invest in helping them provide conservation benefits for us all.

The Conservation Toolbox for Working Lands

It helps to think of the array of working lands conservation policies as a "toolbox" of complementary solutions to different problems. A farmer or rancher may reach in to the toolbox and pick up a hammer, a pruning shears, or a wrench, depending on the specific need. In this conservation toolbox there are four voluntary program types.

- The first tool is Conservation Compliance, which sets very basic requirements to control erosion and preserve wetlands and grasslands, in return for gaining eligibility for all manner of farm bill benefits.
- The second tool is the Environmental Quality Incentives Program, for those who are not yet ready or able to achieve a total resource management systems level of conservation. Ideally, EQIP helps participants find the individual practices they need to adopt to put themselves on the road to achieving sustainable natural resource use and protection.
- The third tool is the Conservation Security Program, the first national program to support comprehensive conservation on working farmlands at high levels of natural resource protection. Ideally, it offers financial incentives commensurate with environmental benefits delivered, for all types of farms and ranches in all regions of America who are able, with assistance, to reach and exceed the resource non-degradation and sustainable use levels.
- Fourth are the easement programs, for land that needs to be protected from conversion to non-agricultural uses or inappropriate agricultural uses while being farmed in a manner consistent with good conservation and habitat protection.

These four types of tools should fit together in a seamless offering of technical and financial assistance that will impel farmers and ranchers to better conservation performance. And I suggest that while all four need your attention, the Conservation Security Program deserves your most urgent attention, as the program that received the least attention by this Subcommittee and Committee during consideration of the last farm bill and as the program with the best potential to deliver the greatest benefits to the land, water, farmers, and all Americans.

Conservation Security Program is Unique

Why is the CSP so important? CSP is unique because it is the only farm bill conservation program that requires farmers to actually solve resource problems to a sustainable level on working acres and then encourages farmers through enhancements to exceed that high standard. CSP focuses on the whole farm, with three enrollment tiers, encouraging farmers to start if need be with part of their farm, and then move up through the tiers until they achieve success with all of their natural resources. CSP is the only program that is focused on outcomes, allowing farmer innovation to determine the best way to meet and exceed explicit conservation goals. CSP has a sensible set of payment limitations, maxing out at $45,000 for Tier 3 for the very best performers. CSP is trade neutral, with payments consistent with world trade rules. These

attributes come together to create a new paradigm for farm programs – a green payments program that rewards all farmers for their stewardship rather than production.

Passed into law as part of the 2002 Farm Bill and implemented by the US Department of Agriculture beginning in 2004, the CSP has proven to be an effeetive and popular program with enormous potential. In three years, with a short enrollment period each year, some 20,000 farmers in 280 watersheds have enrolled 16 million acres, securing over $2 billion in long-term commitments for excellence in land care.

Given the size and timing of the three enrollment periods to date, these are impressive numbers. However, there is a flip side to the record. You are no doubt all aware of CSP's rocky start, with multiple funding cuts by Congress, now totaling some $4.3 billion, as well as program implementation decisions by the Administration that have had the net result of the program so far having been offered in less than 15 percent of the nation's watersheds. On its present course it would take as long as three decades for every farmer to have a chance to enroll – and that is neither fair nor effective and must be fixed.

Just counting the funding cuts made to the program within the current farm bill cycle's budget years, over 90,000 farmers and ranchers have been denied the opportunity to enroll based on an extrapolation of 2005 and 2006 sign-up data, representing not only a loss for those producers but also lowered investment in nutrient management and pesticide use reduction, grazing management and wildlife habitat, and water and energy conservation. Even as we sit here today, the fate of the 2007 sign-up for the CSP hinges on whether the conferees for the supplemental appropriations agree to restore the funds for the 2007 sign-up in that bill. This off again, on again, stop and start approach must come to an end, and we hope this subcommittee will provide the leadership to ensure that it does.

An Assessment of CSP Implementation in Five Midwestern States

Today we are issuing the first comprehensive assessment of how the Conservation Security Program is working on the ground in the Midwest. Entitled ***Conservation Security Program Drives Resource Management***, this new report was written by the Minnesota Project, based on 67 in-depth interviews of farmers and NRCS staff conducted by collaborating Midwest farm organizations in Illinois, Iowa, Minnesota, Missouri and Wisconsin.

The report finds that the CSP is indeed proving to be a catalyst for new conservation practices by Midwest farmers. The majority of farmers enrolled in the program are taking advantage of its incentives by adding new practices to their farms that protect identified critical natural resources. This happens in three ways. Farmers often add new practices as part of their initial Conservation Security Program contract. They can also modify their contracts annually and receive higher payments by addressing additional resources of concern, adding new conservation enhancements, adding more qualifying acres if they are in Tier 1, and moving up by tiers if they are able to reach the resource management system level for more resources of concern. In fact we learned that many farmers add conservation practices before they even have a chance to enroll, because they are getting ready for the day when they get the opportunity to enroll. The

report finds that new wildlife habitat has proven to be the most popular new conservation benefit added to CSP farms, followed by soil and nutrient management practices and activities.

Other key findings:

- Farmers appreciate being rewarded for their conservation efforts, and noted that CSP helped make their farms more profitable.
- CSP is reaching all types of farms, as evidenced by the enrollment of a wide range of farm sizes, and a variety of cropping systems and livestock systems.
- CSP is effective at addressing the whole farm; all those who enroll or graduate to Tier 2 and 3 have met the applicable NRCS resource concern high standards on every acre.
- CSP works for rented land, demonstrated by the fact that half of the acres in the contracts were rented by the operators. That matches real world proportions and touches a land base that has not been well served by conservation programs in the past.
- When asked, every farmer and staff person interviewed said they want CSP to be continued in the new farm bill, even farmers who were turned down the first time.

CSP Recommendations

We would urge the Subcommittee to adopt a set of CSP reforms to achieve the following key goals:

- **Funding**: While envisioned as a nationwide program, the congressional funding cutbacks, combined with the USDA decision to scale back technical assistance funds available to the program, resulted in the NRCS decision to deliver the program on a rotating watershed basis. These constraints have led to many of the program's flaws and challenges. Congress should provide adequate and protected funding to ensure implementation of a true nationwide program serving all of agriculture. This is our top recommendation and you are undoubtedly hearing it from farmers and ranchers all over America – a growing sense of unfairness among farmers who want the chance to enroll.

- **Regular Signup**: Providing fair enrollment opportunities on a predictable and reasonable timetable to all farmers and ranchers who want to participate is also critical to the long-term success of the program. We are pleased that the Administration has also recommended dropping the watershed approach and finally recognizes that enrollment opportunities must be extended to every eligible farmer and rancher in the nation in order to achieve fairness. Ideally, farmers and ranchers could all do their benchmark resource assessments, improve needed conservation practices, and then come in to apply for CSP at a time that is convenient for them, preferably on an annual basis.

- **Transparency**: Funding limitations have led to a frustrating level of complexity in administration, as well as a lack of transparency, so that some farmers have little idea how their conservation practices and systems relate to their payments. In order to function as a true incentive program, CSP needs to motivate farmers with clear lists of payments, practices and outcomes so that farmers and ranchers can choose to change their practices with full knowledge of what the incentive payments will be.

- **Strengthened Planning and Standards**: The central importance of comprehensive conservation planning to the CSP has unfortunately been de-emphasized by USDA during initial implementation, and should again be emphasized in the farm bill by re-enforcing existing statutory provisions. In addition, we would support codifying the administrative decision to require all CSP participants to reach high standards for soil and water quality, and we would also support codifying the addition of wildlife benefits as a required resource concern at Tier 2 and above. Conservation system requirements at Tier 3 should emphasize sustainable farming systems approaches, again by adding more emphasis to existing statutory provisions. As part of its CSP implementation efforts, NRCS engaged in a nationwide process of improving the content and clarity of its technical guide standards for resources of concern and is to be commended for doing so. The new farm bill should encourage continual improvement of those standards to ensure they are as robust and up-to-date as they can be.

- **Streamlined Payment Structure**: The last farm bill included a four-part CSP payment structure that was made more complicated during program implementation through the addition of numerous complex payment restrictions, some of which changed from sign-up to sign-up. We believe the CSP payment structure can and should be streamlined. The base and maintenance payments should be completely replaced by a simple lump sum payment, graduated by tier, for conservation planning and plan monitoring and evaluation. This would reduce costs and simplify the program while providing an incentive to restore comprehensive conservation planning to the central role intended for it by the last farm bill. New practice cost-share payments, on the other hand, while required by law, are not in fact being offered by USDA. We believe these payments should be restored. Finally, enhancement payments, which are by far the most significant of the CSP payments, should continue to receive the greatest emphasis, and should be oriented even more than is already currently the case to rewarding high levels of management-intensive conservation activities and the very best conservation systems. The overall payment limitations for the program should be retained, including direct attribution rules which are required by statute but which unfortunately USDA is failing to implement.

- **Modification Process**: The existing contract modification language should be retained, but the current administrative use of that contract modification process as the primary locus of farmer decisions to add new resource concerns and new conservation practices and activities to the CSP contract should be reversed. With regular sign-up periods, improved technical assistance (see below), and renewed attention to conservation planning, the initial CSP contracts should include the new practices and activities that are currently being shunted off to the contract modification process. By moving them forward in time, the process will be more streamlined, the producers will have a clearer sense of the requirements and rewards of participation, and the congressional budgeting process will be far less complex.

- **Technical Assistance**: One key factor limiting the availability of CSP is a tight cap on technical assistance that USDA has in part imposed on itself. The CSP technical assistance provision should be fixed to unambiguously provide for sufficient and timely technical assistance capacity. If a statutory percentage cap on CSP technical assistance is retained, the cap should clearly apply to the total contract obligation amounts, not just to first year funding. Interestingly, farmers in our study were pleased with the technical and administrative assistance they received from NRCS staff. But NRCS staff in our study often

felt burdened and even overwhelmed by the CSP paperwork required by their agency. NRCS needs to develop its own capacity, as well as the training and certification of outside technical service providers, to deliver resource assessments and farm and ranch conservation planning for CSP. NRCS funding for technical assistance should be expanded to cover outreach and preparation of farmers and ranchers prior to the time they enroll. NRCS cannot do this alone. The Minnesota Project is demonstrating that agronomists and crop advisors are interested and able to assist NRCS by helping farmers. In 2006 we trained 32 agriculture professionals (25 crop advisors and 7 local government staff) who are pursuing certification to help their clients prepare for EQIP and CSP. Farmers and their consultants are willing to respond to conservation programs.

- **Organic Enhancements and Coordination**: Organic farming systems that meet or exceed the sustainability criteria should be eligible for enhancements in all states and watersheds, not just in a few as is currently the case. To facilitate this, NRCS should adopt a national conservation practice standard for organic agriculture which each state, with advice from their respective state technical committees, could modify for the specific conditions of organic production in their states. In addition, there should be a crosswalk between the National Organic Program and the CSP, with a clear mechanism created for coordinated participation in both. Producers with approved organic certification plans should have the option to simultaneously certify under both the CSP and NOP. Organic systems should be added to the field office technical guides to foster maximum environmental benefit from organic systems and facilitate the expanded use of NRCS services in meeting the needs of the steadily growing number of organic producers.

- **Outreach**: NRCS needs to support extensive outreach to farmers and ranchers who are not now their clients. This is especially true for regions of the country that may not have participated in conservation programs previously, and for minority, beginning, and women farmers and ranchers.

- **Streamlined Paperwork**: All sign-ups should be scheduled by appointment and include a completed, simple document – call it a CSP EZ Form – that includes the calculated soil conditioning index (or comparable index); water quality resource concerns report, and other calculations such as habitat assessment.

- **Continuous Evaluation**: CSP should be assessed annually for environmental outcomes and cost-effectiveness. As we learn which enhancements are most cost-effective, and what level of payment is necessary to induce participation, NRCS should make annual adjustments.

Renewable Energy

Turning to another farm bill priority, I'd like to share our thoughts on the implications of renewable energy production on the environment. I am really glad that this subcommittee combines energy, conservation and research, because truly the policies we need are embedded in each of those titles of the farm bill. The most important thing is for you to focus on the transition to the next generation of biofuels – to help accelerate the nation's shift to cellulosic biomass energy.

There seems to be a consensus that corn feedstocks will reach their limit – maybe we are already very close to maximizing the acreage that should grow corn. So we must add cellulosic feedstocks as soon as possible, to increase the amount of ethanol that agriculture can produce, and to do it far more sustainably than corn or annual crops. After all, energy security and environmental security are both equally important. We envision locally-owned biomass facilities supporting regionally-based biomass production, taking in a mix of perennial feedstocks that vary field by field, year by year, and bringing prosperity as well as clean water and good habitat to the rural economy.

Perennial biomass must be the focus of intensive research and on-farm production for the next few years. Perennials are essential because they maximize environmental benefits. Perennials can be grown with virtually no tillage after establishment, resulting in little erosion. Perennial roots hold the soil and sequester carbon, while the plants grow living cover over the soil for most if not all of the year. Wildlife can thrive in perennial landscapes, while mixtures of grasses, hay, shrubs, or other species enable better resistance and resilience to variable weather and pests.

Indeed perennial biomass can be a triple winner for addressing climate change. First, renewable fuels contribute no net carbon from burning the fuels. Second, the perennial biomass captures carbon and holds it in the soil. And third, biomass can be the carbon neutral fuel for the corn ethanol plants which are now burning natural gas or even coal. We have two ethanol plants in Minnesota doing this now, as they maximize their contribution to slowing global climate change. Agriculture can play a huge role in climate change solutions.

The Conservation Security Program is an ideal framework from which to address all of these emerging energy and climate change issues. We propose that an enhancement payment be added to encourage farmers to get out there and experiment now with one of their fields, to try perennial biomass mixtures and work out the kinks of planting, managing and harvesting. "Cellulose crop-sheds" could be designated to focus CSP incentives in a way that encourages feedstock production to ramp up in concert with cellulosic ethanol facility planning.

We support extensive investment in research related to the next generation biofuels – and we strongly urge you to partner on-farm research with the scientists. We will lose too much precious time if the scientists and consultants are not grounded in the real world of farm production. CSP is already set up to help farmers participate in research, demonstrations, and assessments.

The surge of corn production stemming from the potential of corn ethanol itself demands that all of our conservation programs step up to assist farmers in minimizing environmental harm. Removal of biomass in the form of annual crop residues must be carefully assessed, monitored and controlled so that essential organic matter is not stripped from the soil from over harvesting. CSP can be there to help farmers minimize erosion, manage nutrients, and control pesticide runoff while they are producing a needed product. CSP farmers will have a built-in way to monitor residue removal for biomass, through the Soil Conditioning Index. Finally, CSP has the indices and reporting to enable farmers to be paid for their carbon sequestration, in current voluntary programs as well as if a carbon cap-and-trade plan is adopted. Indeed, CSP is the only

established program that gets us there, providing the incentives to get farmers producing biomass while protecting the environment.

In summary, in order to make the Conservation Security Program as strong as possible, fund it fully and extend regular signup opportunities to all farmers and ranchers who want to participate. Create clearer and more streamlined ways for farmers to understand their CSP payments and procedures, and fund technical assistance that will help ease the way to better stewardship through CSP. Furthermore, try CSP as a policy framework for perennial biomass energy feedstocks. Thank you for this opportunity to testify. I will be pleased to try to answer any questions the Members of the Subcommittee may have.

Other Conservation Title Recommendations:

We have a large body of analysis and recommendations on other conservation title programs, but have concentrated on CSP in keeping with the request of the Subcommittee. However, in summary version at least, I would like to mention some other conservation title issues.

Conservation Compliance: Conservation compliance provisions have helped to significantly reduce erosion and wetland conversions. The existence of conservation compliance rules not only improves natural resource protection but also acts as a partial damper to overproduction and low prices. According to USDA's Economic Research Service, compliance rules keep some producers from expanding crop production onto highly erodible land or wetlands. Without compliance requirements, 7 to 14 million acres of highly erodible land and 1.5 to 3.3 million acres of wetlands that are not currently being farmed could be profitably farmed under favorable market conditions, according to ERS. While soil erosion has been reduced substantially since the 1980s, progress has leveled off in recent years. Nearly half of all land with excessive erosion is not technically classified as highly erodible land, and so is outside the purview of conservation compliance rules as currently written. Moreover, at least one-third of all land that is eroding at tolerable rates nonetheless has relatively poor soil quality.

The 2007 bill provides an important opportunity to reassess and improve the conservation compliance regime first established in 1985 to reduce erosion and protect wetlands. The new farm bill should narrow the existing waiver authority and strengthen waiver guidelines and accountability to eliminate the kind of abuse extensively documented by the Government Accountability Office. Waivers should be made subject to independent review.

Conservation compliance should be re-linked to the crop insurance program to help ensure that the over $3 billion a year in taxpayer funds used each year to discount the cost to the farmer of this risk management program does not inadvertently increase erosion or wetland loss.

In light of the fact that nearly half of all excessive erosion is occurring on non-highly erodible land, compliance requirements should also be extended to all cropland receiving program and insurance benefits and eroding at excessive levels.

In order to protect prairie, critical habitat and biodiversity, reduce the cost of subsidy programs, and take the pressure off of already over-subscribed conservation incentive programs, sodbuster

rules should be strengthened by prohibiting all commodity, insurance, and conservation subsidies on all native prairie and permanent grasslands without a cropping history if such land is cropped in the future.

Environmental Quality Incentives Program: EQIP should be closely coordinated and integrated with the CSP. EQIP can help get producers ready for a higher level of conservation demanded by the CSP. EQIP should provide priority in its ranking system for proposals aimed at making the farm eligible for CSP. EQIP should also be modified to require that all funded projects address priority resource concerns and promote real progress toward, if not actually reach, the quality or non-degradation criteria for the resource concern(s). This change will more closely align the two programs and facilitate enhanced coordination and improved local program delivery. EQIP could also benefit from adopting another key component of CSP for at least some conservation land management practices -- graduated payment levels for increased levels of management intensity and environmental outcomes.

In addition, EQIP should be amended to restore provisions that ensure that its overall effects on the environment are positive. Progressive conservation planning requirements should be restored and the existing emphasis on cost effectiveness should be strengthened. EQIP payments should not be production incentive payments; payments to build new or expand existing confined industrial livestock facilities should be prohibited. New provisions should promote conservation and farming systems that minimize energy consumption and emphasize pollution prevention. Incentives and funding allocations for ecologically-based pest management and organic farming systems should be increased. The current exorbitant $450,000 payment limitation should be revised to not greater than $150,000 in any 5-year period, a level that is three times greater than the 1996 farm bill level and nearly ten times larger than the current existing average. These measures in combination will provide for a more equitable distribution of EQIP funding and increase net long-term environmental benefits.

Cooperative Conservation Partnerships: Section 2003 of the 2002 Farm Bill established a new Partnerships and Cooperation (P&C) Initiative. This authority allows NRCS to designate special projects and enter into stewardship agreements with nonfederal entities, including state and local agencies and non-governmental organizations, to provide enhanced technical and financial assistance through the integrated application of conservation programs. The goal is to help producers solve special resource and environmental concerns in geographic areas of environmental sensitivity such as watersheds and wetlands, or, within a given state or region, to reach particular types of producers willing to undertake specially-targeted intensive conservation initiatives. Producers are encouraged to cooperate in the installation and maintenance of conservation systems that affect multiple agricultural operations, share information and technical and financial resources, achieve cumulative conservation benefits across operations of producers, and develop and demonstrate innovative conservation methods. Partnership approaches are required. The cooperative projects may propose to incorporate special incentives adapted to the particular needs of the project to encourage enrollments of optimal conservation value.

The 2002 Farm Bill's Partnership and Cooperation Initiative should be reauthorized as the Cooperative Conservation Partnership Initiative and significantly strengthened in the next farm bill. The new CCPI should support special projects and initiatives through which multiple

producers can address specific resource concerns or opportunities related to agricultural production on a local, state, or regional scale.

Outreach and technical assistance for the CCPI should be implemented on a competitive basis through intermediaries including producer associations, non-governmental organizations, conservation districts, watershed councils, educational institutions, and state and local agencies.

The full range of resource concerns should be eligible, with a clear priority for projects which simultaneously address rural community development opportunities and environmental enhancement.

The CCPI should be a mandated initiative and be funded through existing state allocations for the full range of farm bill conservation programs. Up to 30 percent of a state's allocation should be available for cooperative conservation projects, with flexibility to match program funding streams and mechanisms to tackle specific local problems. Funds for selected projects should generally include financial and technical assistance, education and outreach, and monitoring and evaluation. The Secretary should ensure that on a nationwide basis, the CCPI option is being used and that its use is growing annually until it reaches 20 percent of total funding.

The bulk of potential funding should be administered on the state level, with significant input to the state NRCS office from the State Technical Committees. Requests for applications and project evaluation factors should be developed through consistent national guidance. Priority should be given to projects that have solid plans already in place and are ready to move into the implementation phase, though a small set-aside could be used for planning grants similar to the current CCPI planning grant program. A small portion of total funding should be reserved at the national level to help support larger, multi-state projects or special national demonstration projects.

Wetlands Reserve Program: We strongly support the WRP and believe it should be replenished in terms of its budgetary baseline, with an enrollment directive of not less than 250,000 acres per year nationwide and a strong priority for permanent easements. We support a legislative fix to the WRP appraisal problem created by the recent administrative change. We also support offering incentives to landowners to allow public access to the land as part of community development plans for hunting, fishing, hiking, birding, and other public recreational amenities.

Conservation Reserve Program: The CRP should be retained as the major land retirement program. We support a congressional directive to improve the environmental benefits index and the cost effectiveness of the program by giving much greater weight to below cost bids. At least 7 million acres, or 20 percent of total CRP acreage, whichever is greater, should be reserved for conservation buffer enrollments through the continuous CRP (CCRP) or CRP enhancement program (CREP). In light of the repeated renewal of many CRP contracts on environmentally sensitive land, voluntary long-term and permanent conservation easements on particularly environmentally sensitive land should be added as a new CRP option. Landowners leaving the CRP should have access to transition options, including CCRP, CSP, organic transition, and transfers to beginning farmers and ranches with special incentives.