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AGRICULTURAL CONSERVATION PROGRAMS

Wednesday, June 7, 2006

U.S. SENATE
COMMITTEE ON AGRICULTURE,
NUTRITION AND FORESTRY
Washington, D.C.

The committee met at 9 a.m., in room SR–328A of the Russell Senate Office Building, the Honorable Saxby Chambliss, chairman of the committee, presiding.

Senators PRESENT. Senators Chambliss, Coleman, Thomas, Talent, Crapo, Harkin, Nelson, Salazar, Baucus.

Chairman CHAMBLISS. Good morning. Our hearing will come to order this morning.

Let me just make a quick announcement. We've got some scheduling issues this morning that we're going to have to deal with. First of all, let me say to our witnesses, thank you for being here, No. 1, but thank you for also being willing to rearrange from a 9:30 or 10 hearing back to 9.

We have the president of Latvia speaking this morning to a joint session. We also have a vote at 10 that we have got to deal with. What my intention is that we will start this morning. I'm going to ask all members to submit their statements for the record.

Senator Thomas and all of our witnesses, if you will, please limit your statement to 5 minutes. We're going to go as long as we can, right up to the 10 vote. We'll take that vote to go vote.

Some members will move on to the joint session with the president of Latvia. I'm going to come back here to conclude this. This hearing is too important not to have it concluded this morning. So to our witnesses, that's kind of our tentative schedule. Again, we thank you for being here.

Over the past 20 years, Congress has increased the nation's investment in agricultural conservation. In the 1980's there were just a few programs. Today, there are 20. Producers now have a wide variety of programs to address their conservation wildlife and environmental concerns. Over the same time period, we have seen the support for farm and private late conservation grown in Congress and with the public.

Many have noted the 2002 Farm Bill was the single most significant commitment of resources toward conservation on private lands in the nation's history. Even with the annual limitations imposed by the appropriations process, conservation funding increased about $720 million from fiscal year 2002 to fiscal year 2006.

With this new funding, the U.S. Department of Agriculture has enrolled about 750,000 acres in the Wetlands Reserve Program,

and now has oversight responsibility for more than 2 million acres under easement and WRP and other programs. The Department is managing nearly 40 million acres in the Conservation Reserve Program, and it has signed about 182,000 Environmental Quality Incentive Program contracts.

There are some good and exciting things happening in conservation. For example, late last month, Secretary Johanns announced the total soil erosion on cropland decreased 43 percent from 1982 to 2003.

The Natural Resources Conservation Service reports that it has helped 1 million producers with their conservation needs since 2002. Producers are enthusiastic about conservation and want to participate as can be seen by the enormous backlogs to the programs.

However, in anticipation of beginning conservation hearings on the reauthorization of the 2002 Farm Bill, there are some questions that this Committee, which has oversight, needs to ask: Are conservation programs really helping producers solve problems and improve environmental quality? How do we measure conservation?

Does USDA have the right infrastructure in place to deliver and monitor the programs? Is there a way we can better utilize conservation programs to enhance alternative energy production?

Are we managing the land that we have under contract and easement? Is our conservation policy achieving the goals that we think and want it to achieve, and are there things that we could do better?

These are not easy questions to answer, but by establishing where we are today we will be better able to look forward and plan for the future. There has been a good deal of discussion about the Doha round and what it will mean for our existing conservation and commodity programs.

There are a lot of misconceptions or misperceptions about what qualifies as an acceptable "Green Box" program and what does not, particularly in regard to conservation programs. I challenge the entire conservation community to think about those questions, especially as this Committee begins to prepare for the next farm bill.

We have seen the Federal investment in conservation grow in the past, and I expect we will continue to see it grow. Just as producers want to be good stewards of their land, we need to ensure that we are good stewards of the taxpayers' money. This means Congress must put in place the right conservation policies and programs.

I look forward to today's testimony and working with you to build upon our success in conservation and ensuring that we are on the right path in the future.

We will be hearing from, first of all, on the first panel Mr. Bruce Knight, chief of the Natural Resources Conservation Service, U.S. Department of Agriculture, here in Washington; and Mr. John Johnson, deputy administrator for Farm Programs from the Farm Service Agency, also at the U.S. Department of Agriculture here in Washington.

Gentlemen, we welcome you to the panel this morning. Thank you for coming, and we look forward to your testimony.

Mr. Knight, we will start with you.

STATEMENT OF BRUCE KNIGHT, CHIEF, NATURAL RESOURCES CONSERVATION SERVICE, U.S. DEPARTMENT OF AGRICULTURE, WASHINGTON, DISTRICT OF COLUMBIA

Mr. KNIGHT. Thank you. Mr. Chairman and members of the committee, thank you for the opportunity to appear here today to discuss conservation programs in Title II of the farm bill. The 2002 Farm Bill pledged more than $17 billion over 10 years for conservation. It emphatically demonstrates your commitment to locally led cooperative conservation on working agricultural lanes. To put it simply, our job at the Natural Resources Conservation Service is helping people help the land.

Working lands conservation programs are unique among agricultural programs in that they are specifically designed to produce multiple benefits. First, farmers or ranchers who install conservation practices improve their land and enhance their natural resources. Second, the public also receives many benefits: a better, cleaner environment; increased biological diversity; and a scenic landscape, to name just a few.

Conservation investments also lead to stronger rural economies. Since 2002, NRCS has provided assistance to 1 million farmers and ranchers. Working with our partners, we have applied conservation on more than 130 million acres of working farm and ranchland under the EQIP Program alone. We have also helped farmers apply more than 14,000 comprehensive nutrient management plan.

Over the past 4 years, we have invested $6.6 billion directly with farmers and ranchers. Those same landowners and partners have added an additional $2.8 billion, for a total investment of more than $9.4 billion in conservation through 2005.

The 2002 Farm Bill brought us new programs and new opportunities, and we have responded with new tools and streamlined the Agency management to serve farmers and ranchers more effectively as well as more efficiently.

For example, from 2003 to 2006, we have worked with more than 2,500–plus technical service providers. These are our own conservation outside consultants who are providing the equivalent of nearly 520 staff years to supplement our staff in serving our customers.

Let me, briefly, review our achievements from the four major farm bill programs. First, the Conservation Security Program in an effort to reward the best and motivate the rest began with 18 pioneer watersheds in 2004, and with yesterday's release of the 2006 accomplishments we have accepted another 4,404 contracts of the over 8,500 offers that were offered last year or this year in 60 watersheds. This program now spans 280 watersheds nationwide, covering 14.6 million acres, investing in the management of over 19,000 land stewards to achieve even greater environmental progress.

The Wildlife Habitat Incentives Program, $165 million invested, 9,500 agreements covering 1.4 million acres of improved wildlife habitat, a portfolio of easement programs designed to protect and preserve prairie, grassland, and wetland ecosystems and preserve working farms and ranches.

First, the Grassland Reserve Program has nearly 380,000 acres enrolled in easements. The Wetlands Reserve Program, nearly 750,000 acres have been contributed toward the president's goal of

3 million acres of wetlands restored, protected, or preserved by 2009 with an inventory now approaching 2 million acres.

The Farm and Ranchlands Protection Program, more than 449,000 acres now preserved in perpetuity from future development. And, of course, our biggest program, EQIP, the "Environmental Quality Incentives Program," where we have invested nearly $3.1 billion, benefiting close to $185,000 participants from fiscal year 2002 to 2006 alone.

NRCS has also worked to help livestock producers meet their environmental challenges, applying more than 14,000 Comprehensive Nutrient Management Plans since 2002. Undergirding all of this is our mainstay program that provides planning assistance and conservation technical assistance.

I want to touch on some management reforms that have either increased our efficiency or helped us direct more dollars in a better service to our customers. First and foremost is increased transparency, resulting in greater accountability and a better understanding of our programs by our customers and hopefully by those who are looking at the efficiency of our programs.

Streamlined payment processes and reduced paperwork for our customers, we have saved nearly 330 staff years alone through those efforts; establishing a process for rapid watershed assessment, taking what was once a multiyear program process down to 6 months.

The Web Soil Survey: our soil surveys are now available 24 hours a day, 7 days a week via the Web. We have put out as much information in the last 10 months through the Web as we've done through the last 10 years.

Conservation programs on working agricultural lands benefit both producers and the public, supporting sustainable agriculture and enhancing the environment. As we move forward, NRCS will emphasize cooperative conservation, a watershed approach, as well as a market-based approach to helping people help the land.

I thank the chairman and the members of the committee for the opportunity to appear today and for your ongoing support and attention to implementing the conservation provisions of the 2002 Farm Bill.

I would be pleased to answer any questions the members may have.

[The prepared statement of Mr. Knight can be found on page 60 in the appendix.]

Chairman CHAMBLISS. All right. Mr. Johnson.

STATEMENT OF JOHN JOHNSON, DEPUTY ADMINISTRATOR FOR FARM PROGRAMS, FARM SERVICE AGENCY, U.S. DEPARTMENT OF AGRICULTURE, WASHINGTON, DC

Mr. JOHNSON. Thank you. Mr. Chairman and members of the committee, we appreciate the opportunity to review the operation of the farm bill's conservation programs as implemented by the Farm Service Agency.

I am pleased to report to the Committee this morning that there have been significant accomplishments under the Conservation Reserve Program since the 2002 Farm Bill. FSA has implemented the president's directive to re-enroll and extend contracts for more than

28 million acres of land, which were scheduled to expire from 2007 to 2010. More than 84 percent of the producers with expiring 2007 contracts have elected to re-enroll or extend their contracts.

The Department just announced this week that we have accepted 1 million acres in this spring's general sign-up in addition to the 2.9 million acres accepted since 2002. Total enrollment now stands at 36.7 million acres with annual rental payments to producers totaling $1.8 billion annually.

These acres have reduced soil erosion by 450 million tons, reduced nitrogen, phosphorous, and sediment leaving the field by well over 85 percent and sequestered over 48 metric tons of carbon dioxide on an annual basis.

CRP contributes to increased wildlife populations as well including more than 2 million additional ducks annually in the Northern Prairie, recovered Sage and Sharp-Tailed Grouse populations in Eastern Washington, increased Ring-Necked Pheasant populations, as well as increased grassland bird populations.

CRP is building upon these successes with several initiatives including enrollment of 100,000 acres recently in the Presidential Quail Initiative designed to create habitat for quail upland birds and other species. We have executed agreements with Pheasants Forever, Ducks Unlimited, and the National Wild Turkey Federation to jointly work toward achieving mutual program objectives.

Fourteen new CREP agreements, "Conservation Reserve Enhancement Program" agreements, were signed with state governments to improve both water quality and quantity, create wildlife habitat, and control erosion on more than 800,000 acres. Three of these targeted water conservation as their primary focus. Combined, the agreements with Colorado, Idaho, and Nebraska, provide for enrollment of up to 235,000 acres with projected water savings of $360,000 acre feet annually.

One of the Farm Service Agency's first Web-based applications was developed using GIS technology to enroll land in CRP. This upgrade has improved workload management for our county offices, saved millions of dollars of implementation costs and increased the accuracy of our work.

A 10–state pilot program has been developed for private sector technical assistance, which is scheduled to begin late this summer. Finally, later this month, FSA will roll out a $404 million Emergency Forestry CRP program to restore more than 700,000 acres of private forestland damaged by the 2005 hurricanes.

FSA also implements the emergency conservation program to provide emergency funds to help farmers and ranchers rehabilitate farmland damaged by natural disasters and implement emergency water conservation measures during periods of severe drought. Since the 2002 Farm Bill was passed, FSA has allocated more than $500 million in assistance including the funds appropriated by Congress for the 2005 hurricanes.

The Grass Roots Source Water Program administered by FSA was also authorized under the 2002 Farm Bill, and more than $13 million has been distributed to assist rural communities with protecting their drinking water sources.

Under the Grassland Reserve Program administered jointly with NRCS, FSA has enrolled almost 2,600 contracts and obligated al-

most $93 million in annual rental payments. Looking forward to the 2007 Farm Bill, while environmental indicators suggest much progress and resource conservation has been made, many challenges remain and new issues continue to emerge, they include: nutrient enrichment and hypoxia in some waterways; conflicts over water availability for agricultural, environmental, and urban uses; reducing greenhouse gas concentrations through carbon sequestration; and developing sources of renewable energy and bio-based fuels. Many people are asking if there is an appropriate interface between CRP in our nation's efforts to address these concerns.

Other broad policy considerations include identifying specific goals for water quality, wetlands restoration, wildlife habitat, air quality, soil erosion, and recovery of threatened and endangered species.

Now, attention should also be given to the resources needed to accomplish these goals. The use of information technology is vital for cost-effective program delivery. We recognize that as programs become more sophisticated in targeting limited resources, we must become more proficient in developing more elaborate software. There is, however, intense competition for IT funds which could impact farm bill implementation.

A few program considerations in a CRP that could be examined are whether land expiring from a CRP contract should be considered eligible for re-enrollment, even if that land is no longer capable of being cropped due to an easement, conversion to trees, or other factors.

Also, should certain conservation practices such as wetlands and buffers be exempt from the statutory 25 percent cropland limitation, and should the standards for waiving that 25 percent cropland limitation be modified? Also, is there an appropriate nexus between CRP and bio-energy production?

As Congress debates the upcoming farm bill, we hope consideration is given to improving our existing programs, funding WTO consistent green payments that enhance environmental benefits, encouraging private-sector markets for environmental services, and emphasizing a voluntary approach for conservation over a more regulatory approach. We look forward to working with you on these critically important issues.

Thank you. I would be pleased to answer any questions the Committee might have.

[The prepared statement of Mr. Johnson can be found on page 85 in the appendix.]

Chairman CHAMBLISS. Thank you, gentlemen. Both of you were almost on time. That's pretty good for two guys from the USDA.

Senator Harkin.

Mr. HARKIN. Thank you very much, Mr. Chairman. I'm sorry I am not on time. I apologize for being late. Every Wednesday morning I have an Iowa breakfast. We seem to have a lot of Iowans in town this week. So I apologize for being late.

Chairman CHAMBLISS. They knew this hearing was going on, talking about CSP and CRP.

Mr. HARKIN. That's it. Oh, some of them are there, too. They probably just came in the door back there, I suppose.

I just want to thank you for holding this hearing on conservation programs. When I was chair of this Committee in the 2002 Farm Bill, we worked very closely. Well, you were in the House at the time on the House Ag Committee, and we worked closely with you and the other members of the House Ag Committee to hammer out really strong conservation provisions in the farm bill. I think we have every reason to be proud of what we've done.

I know we have on the second panel Jim Andrew of Jefferson, and I look forward to his testimony. I would ask that my statement be made as a part of the record, and I won't read the whole thing, Mr. Chairman.

It's clear, I think, to us that the Doha round, I still have hopes that it is going to be concluded successfully, that we are in the world trading position now, that we're a part of WTO, that the old ways of doing things are going to have to change.

In the past, from the New Deal on, we paid farmers based on what they grew and how much they grew. I think that's giving way now, and the shift in the last farm bill was to start paying farmers on how they grow, "green payments," the Europeans call it, which are fully compatible with our obligations under WTO.

Now we see a whole new realm of productivity in this country, not for food nor fiber but for energy, for renewable energy. With all of the cropland that we have in CRP and other areas, how can we utilize now the productive capacity of America for renewable energy, at the same time conserving our soil and our water and providing for clean air and providing for wildlife habitats.

It is possible to do all that. We can meet our demands for food and fiber and at the same time meet the growing demand that we're going to have for renewable energy production. That is really some of the things that we tried to get started in the 2002 Farm Bill.

I'm going to be asking some questions again of Mr. Johnson about the CRP stuff and also Bruce Knight. I must say that I agree with you when you said that the Conservation Security Program is the future.

While I have been somewhat critical of the Department in the past for some of the early implementation and stuff, I recognize it was a new program. It needed to be fleshed out a little bit.

My biggest gripe is with the Congress that keeps cutting the money out of the program and putting caps on it to the point where next year we may not have one new sign-up in the program because of the caps that have been put on the program by the Congress.

I do give the Agency credit for correcting some of the earlier missteps by making the program work better for farmers and ranchers, but I think we've just go to do more to ensure that this innovative program achieves its full potential.

So with that, Mr. Chairman, I thank you and I ask again that the rest of my statement be made a part of the record.

(COMMITTEE INSERT:)

Chairman CHAMBLISS. Without objection.

Gentlemen, Section 2005 of the 2002 Farm Bill required the U.S. Department of Agriculture to develop a plan to coordinate land retirement and working land conservation programs and to submit a

report to the House and to the Senate Ag Committees. That report was due December 31, 2005, and that report is 6 months overdue. When can we expect it?

Mr. KNIGHT. We, the Department, should be able to deliver that report to you in the very near future. We are in the departmental clearance process on it. Both of the agencies, their respective work has been done, and it's just a matter of clearance at this stage.

Chairman CHAMBLISS. All right. Well, that's a very vague answer. Give me a time line. Are we talking about 30 days? Sixty days? What's the time line?

Mr. KNIGHT. I would certainly be willing to do my best to deliver it to you within 30 days.

Chairman CHAMBLISS. We will call you. Gentlemen, again, this is directed to whichever one is best to answer it. What is the average administrative cost per acre or contract for each of our environmental programs, our conservation programs?

Mr. KNIGHT. I can submit for the record the administrative costs or the technical assistance costs for each of the programs that we administer at NRCS. The one that folks focus on the most, of course, is the Environmental Quality Incentives Program.

At the beginning of the 2002 Farm Bill, the administrative costs would have run around 28 to 29 percent. We have been able to bring that down to about 22 percent. That varies somewhat by project-by-project. Those things that require a great amount of engineering, of course, have high costs where you're doing the engineering to construct a lagoon or lay out the terraces.

Because of the efficiencies, we have been able to do in the administration side of things with the new software and the technology, we've got a new program called "ProTracts," that has been able to save about 330 staff years on the implementation side of things alone, and that's what's been able to bring these costs down.

The next stage for us is a national uniform ranking tool that would eliminate errors and speed up the delivery costs for the programs as well, but on EQIP it was right around 29 percent. It's down to 22 percent. I will submit for the record for WRP, the wildlife habitat incentive program, each of the programs we administer.

Mr. JOHNSON. Mr. Chairman, we would be glad to provide that on a contract basis or a per acre basis for the record. I don't have the exact number with me, but I would simply reiterate what the chief has said. We have collaborated with NRCS to refine the technical assistance needed for CRP and have come up with increased efficiencies and reduced the workload on both NRCS as well as FSA staff in administering that program.

The GIS tool I mentioned that we have implemented has saved us over $16 million at sign-up time. It has reduced manual entries from a thousand manual entries down to a hundred, a 90 percent reduction in manual entries, with a corresponding reduction in error rates. So we are taking every advantage of automation as well as just some common-sense provisions with NRCS that administrative costs. We will be glad to provide those numbers to you.

Chairman CHAMBLISS. OK. Mr. Knight, you mentioned in your testimony and you just stated again that you saved "330 staff years." What does that mean?

Mr. KNIGHT. Those would be full-time equivalents for staff if you estimate an average hiring cost of running around $100,000 a year. So you're talking about significant savings on an annual basis that. Every dime we are able to save in program administration costs because of our direct charge system in turn means additional contracts we are able to put on the ground.

Our average EQIP contract is around $20,000 a year or smaller with an individual, and so every time I save $20,000 costs that's one more contract we are able to put on the ground. These savings have amassed a significant increase in contract delivery for us.

Chairman CHAMBLISS. Well, Obviously our goal as we write every farm bill is to ensure that the money goes to the farmer for these critically important programs. The more we can save, from an administrative standpoint, obviously I think you gentlemen know the happier members are on the Hill, and our farmers are better able to really utilize these programs. So that's a critically important issue that we need you to continue to work on.

I've got a number of other questions, but I'm going to because of the time constraints go to Senator Harkin at this time.

Mr. HARKIN. Thank you, Mr. Chairman.

I just have kind of three questions I want to cover: one, the Contract Security Program, EQIP, and CRP. Mr. Knight, again I just want to thank you for taking charge of the CSP. The work that you've been doing on correcting some of the earlier missteps, I think it's moving ahead fine now. Although, as you know, I still have a problem with the watershed-based approach on this.

Because what happens is if you're in a watershed and you qualify for a Tier I, you may have a neighbor that's down the road that may not be in the watershed. They may actually be doing more conservation work than you, but they don't qualify for it because they are not in the watershed. Well, we know all that.

My question is, how long—and if you can't answer it today, if you'd just get back to me, I would appreciate it—how many years would it take NRCS to offer CSP on every watershed at least once, on every watershed? If you can't, if you'd just get back to me on that, I'd appreciate it.

Mr. KNIGHT. I will recalculate that and get back to you on the record on that, sir. Our original intent, as you know, was to be able to do it once every 8 years.

Mr. HARKIN. Eight years, yes.

Mr. KNIGHT. But because of some of the restrictions on spending, we have probably fallen off that 8–year schedule.

Mr. HARKIN. Well, the other thing I need to know, Bruce, is how much would it cost to put the program back on track to cover every watershed by 2011, which would basically be our 8 years? How much money would it take to put it back on track so that we could get it at least once to every watershed in the country?

Mr. KNIGHT. We will provide that calculation for the record for you.

Mr. HARKIN. I need to know it. Last, a lot of complaints had to do with, and I have contacted you about this in the past, the sign-ups always come in the spring. That's when farmers are busiest. They don't have time to pay attention to it. Is there any way that

we can get the sign-ups completed no later than February, let's say, rather than continuing into the spring?

Mr. KNIGHT. That is certainly our objective. It has been a major effort to move sign-ups for all the programs into the winter months. We were successful in that this year, completing EQIP prior to the spring planting and WHIP prior to spring planting.

In most parts of the country, we beat the clock on CSP, but it was not a good time for the more Southern states. We will this summer release states to start the selection process for the watersheds for next year, then proceed forward. We hope to be able to do CSP during the winter months.

My desire is to be able to test run CSP one more year before farm bill considerations, so that you will be able to evaluate all the different things that are lessons learned from CSP for full consideration by the Committee for the 2007 Farm Bill.

Mr. HARKIN. Again, Mr. Knight, let me just publicly thank you for your leadership on this issue of moving the CSP Program. You have operated under some pretty difficulty circumstances, not of your own making, as I've said earlier, but of our making here.

Even with that, we proceeded ahead on it and I just want to compliment you for that in taking charge of that program. Hopefully, we're going to be able to make some further advances in the next farm bill coming up to move it head even more aggressively.

On EQIP, let me just ask you, and this again is a little bit parochial, but it seems odd to me that Iowa with one of the most intensively used agricultural landscapes on the planet is tenth in overall EQIP funding behind neighboring states like Kansas, Nebraska, and Minnesota.

Well, basically what I've been told is that EQIP basically is skewed more to beef production than pork production. I think Mr. Spronk is going to speak to that later on.

Again, my question is: when allocating EQIP funds to the states each year, how does NRCS determine which areas of the country have the greatest environmental needs? I'm concerned. I just wonder because with all of the hog production we have in Iowa why we're tenth overall in EQIP funding. That may sound parochial, but it has to do with how these funds are allocated.

Mr. KNIGHT. The fund allocations is certainly one of the thorniest challenges we face in how to put the dollars in the states for the efforts that are the most important nationwide. We have a set of four priorities on EQIP.

Basically, they are very broad: it's about clean water, soil, air quality, and wildlife habitat. Then, we have an allocation formula that now has about 30 different factors included in it. Trying to make a formula that is as scientific and knowledge-based as possible for allocation of those funds.

We have made many improvements in those programs over the last few years. We have heavily weighted the allocation formula to the priority that the livestock sector is facing right now of compliance with the EPA rules as it pertains to the AFO/CAFO provisions. The number of animal units out there, they are either swine, poultry, or cattle heavily influence how many funds flow from state to state.

Then, of course, we also have regional equity provisions that are in place, setting a desire to have at least $12 million in several states. That also has dollars shifting from one part of the country to the other.

I had mentioned earlier that we are trying to make a very transparent process. We have now published these allocation formulas for review. This summer I'm also seeking through an RFP process a peer review to ensure that the allocation process is as valid as it could be.

We have used internal guidance and professional knowledge for developing and constructing of these allocation formulas. I'm not going to outside peer review to make sure that we have as valid a structure as we can to respond to needs from year to year.

One of the things that I think that will be important for people to realize as we have them constructed today, I do anticipate that as a particular priority need for the Nation is addressed, a state's allocation could in turn start to decline as we try to address needs somewhere else.

The heavy weighting we have now to the EPA AFO/CAFO rule, once we've swallowed doing all of those comprehensive nutrient management plans, which we're doing through both CTA and EQIP, may in fact cause the allocations to shift around the country. The jury is still out on how well that's going to work.

Thank you, Mr. Chairman.

I have one more question, but it will wait until the second round.

Chairman CHAMBLISS. Mr. Thomas.

Mr. THOMAS. Thank you, Mr. Chairman. It's a good subject for our hearing, and I'm glad to do that. Certainly, I am pleased with the emphasis that is being put on conservation. I particularly want to welcome Olin Sims here from Wyoming, who not only do we have ranchers as well as farmers in this program you know. So it's nice to have him here, and we do have a little different view.

Just a general reaction maybe from both of you, I think we have I think about nine different programs, isn't that correct, conservation programs?

Mr. KNIGHT. In the case of NRCS, we now have 22 programs to administer.

Chairman CHAMBLISS. I think your number is right, but there are a lot of subprograms.

Mr. THOMAS. I guess I'm wondering, we're going to be looking for more efficiency and more ways to do more. Which one of these programs is used the most? Could they be combined? Would it be more efficient, managerially, to have less programs?

Mr. KNIGHT. Those programs where we can do that administratively within the constraints, we're moving forward with that. The cost-share programs, which are EQIP plus the Wildlife Habitat Incentives Program, then the subprograms that the Chairman mentioned, ground and surface water conservation in the Klamath Basin all within EQIP, those are all cost-share programs.

We are using the same rules, the same manual, the same sign-up trying to move forward to putting as much similarity to those programs as we can so that we're able to gain efficiencies there, but I do still need in many places different program managers because they are different programs by statute.

We have a similar consideration with the easement programs. There is a great deal of variability between the Farm and Ranchland Protection Program, the Grasslands Reserve Program, and the Wetlands Reserve Program. We are trying to look for efficiencies that we can do by putting common rules between the easement programs, so that it becomes a portfolio that is more streamlined in the administration.

Mr. THOMAS. That's a good thing. Sometimes programs get a little protective internally and it's hard to get as much efficiency among them as there could be.

Mr. KNIGHT. That is very true. We have reorganized the internal management of the Agency along those broad categorical lines in order to reduce the tendency for the inside turf.

Mr. THOMAS. Mr. Johnson, do you have any comment?

Mr. JOHNSON. Well, our three programs—the Conservation Reserve Program, the Emergency Conservation Program, and the Grassroots Source Water Protection Program—have somewhat different focuses than we do part of the Grassland Reserve Program, which could be somewhat similar to CRP in some respects.

The Emergency Conservation Program has a whole different intent and purpose than our Conservation Reserve Program, so I don't see a real overlap there. The Grassroots Source Water Protection, it is a small program aimed at rural communities which has a distinct focus. In our small portfolio of programs, as compared to what the chief has to deal with, I don't see a whole lot of overlap.

Mr. THOMAS. OK. What would you say are the greatest challenges for you and producers in administering these conservation programs?

Mr. JOHNSON. My No. 1 challenge, and it's beyond conservation but through all the farm subsidy programs I administer as well, is automation and IT investments in modernizing how we deliver programs. As we are asking our folks to do more with less repeatedly, I've got to provide them better automation. As I mentioned in my statement earlier, the competition for those resource dollars for IT investments is intense.

Mr. THOMAS. Well, what's the result? If doing what you want to do, would it reduce your administrative costs?

Mr. JOHNSON. I believe it would. As I mentioned, a very modest step we took forward in our utilizing GIS for CRP sign-up is to date we estimate about $16 million in sign-up administrative costs. I believe that's just the tip of the iceberg of what could be realized, but it's a major challenge.

Mr. THOMAS. It is a challenge. The Senator from Iowa was talking about not wanting to reduce spending. We're going to see reduced spending in all of government I hope, so we have to find ways to be more efficient and to make it work as productively as possible.

In any event, really again speaking for more open space areas like Wyoming ranch areas where the conservation programs are is very important, probably even more important than the crop programs in terms of the future in preserving the land and all.

So thank you, Mr. Chairman.

Chairman CHAMBLISS. Mr. Salazar?

Mr. SALAZAR. Thank you very much and Ranking Member Harkin. Let me first say to Chief Knight and Mr. Johnson that I very much appreciate the efforts of USDA in Colorado and the conservation efforts you have on programs which have major acreage and supporting of farmers and ranchers throughout the state.

I know we have significant acreage enrolled in CRP and we receive lots of assistance from EQIP and also CSP. In particular, I want to say that the Middle South Platte CSP Program is one that is working very well in the state of Colorado.

It's also an area that is in dire need of assistance because of what has happened with the shutdown of literally about a thousand wells, which has affected probably 10,000 to 30,000 acres of prime pond land up in that area. So I appreciate the work the USDA does in that regard.

Let me just ask one very broad question for both of you. As we look at the rewrite of the conservation bill and what I think is going to be a significant interest of this Committee with respect to renewable fuels and renewable energy, how do you see the conservation programs tying in to what might be a goal that this Committee pushes forward with respect to renewable energy? I think you had alluded to that in your testimony, Mr. Johnson, so if you can just broadly answer that question, both of you, I would appreciate that.

Mr. JOHNSON. Certainly, Senator. Thank you for the question. I think that topic is worthy of discussion, and there is a lot of interest in that subject. As I mentioned in my remarks, currently under the current authority that we have we utilize managed haying and grazing, which allows people to harvest biomass from CRP acreage on an interval no more often than once every 3 years.

There is a reduction in the CRP rental payment in the year they do that harvesting. So currently today we have a limited ability to engage in harvesting biomass off of CRP acreage. The question remains: is that sufficient or should it be changed, altered, reduced, or expanded? Obviously, there is a lot of interest in that.

I receive inquiries from producers as well as interest groups about everything from hardwoods to switchgrass to even some folks who have some unique ideas about oil seeds. Bottom line, there is lots of interest, but I think the question is worthy of debate and discussion. I don't have the answer laid out for you here today, but it's certainly something that merits discussion as we seek to minimize our dependence upon other sources of energy.

Mr. SALAZAR. Would the notion, Mr. Johnson, be that if there was a biofuels project they could use some of the biomass coming out the lab, that may be the 3–year restriction would be one that would be lifted or adjusted in some way?

Mr. JOHNSON. That is one approach that could be considered. There are concerns about a critical mass that is needed to support some of these biomass energy plants, and you need a certain number of acres within a certain radius of that plant to make it viable.

Whether CRP in and of itself could meet that need in any one region of the country is something that would have to be looked at. There may be other sources of that biomass besides the CRP acreage that could enter into that business plan for that facility, but those are things that certainly need to be looked at and discussed.

Mr. KNIGHT. On the NRCS side, as it pertains to energy, the first priority was the here and now of energy conservation and the nexus of conservation practices and energy coming together. We saw an opportunity this winter with that, and released a tillage estimator that provided for folks with just three clicks on the website.

The fuel savings associated with going from conventional tillage to no till. We saw that for a very typical operation in the High Plains, like from Colorado up to Montana, a wheat operation there would show $9,000 to $10,000 a year in annual savings by going from conventional till to no till.

We followed that up a little later this winter with a fertilizer estimator to try to help producers with the same thing, to do the what-ifs of fertilizer of fall application versus spring, different forms of fertilizers or application. There is a tremendous amount of change occurring with inoculants and inhibitors.

We worked closely with the fertilizer industry on this, and are showing a lot of savings that can be done again in this $9,000, $10,000, $15,000 a year annual savings in fertilizer bills, and that in turn will reduce any potential nitrogen loadings.

The fascinating thing is if you actually had 250 million acres nationwide under auto-steer technology instead of manual steering of our tractors, auto steer, you would save about $750 million a year in fertilizer costs, just with precision agriculture, never reducing those things.

The next one we will release next week will be an irrigation estimator that will be, I expect, very widely used in Colorado and throughout the arid West to show the savings associated with water savings. If we save 20 to 30 percent on water savings, you"re going to see savings in fuel pumping costs of as much as $52 to $100 an acre.

Mr. SALAZAR. Thank you, Mr. Knight. Do you have a summary that would set forth what the potential is with respect to energy conservation with the programs that you were just describing.

Mr. KNIGHT. We certainly will. We will provide that for the record for you.

Mr. SALAZAR. If you could, provide that for me and I'm sure for the rest of the members of the committee it would be helpful.

Thank you very much.

Chairman CHAMBLISS. Senator Crapo.

Mr. CRAPO. Thank you very much, Mr. Chairman. I want to thank you as many have because the conservation title of the farm bill continues to be one of the key portions of that effort we're undertaking now.

First, Mr. Johnson, I just want to make a statement to you. It's a thank you to you and to Secretary Johanns as well as the others at the Department who have put so much work into the Conservation Reserve Enhancement Program Agreement with the State of Idaho recently.

As you know, that agreement which was signed on May 19th, which we talked about at previous hearings, envisions enrolling up to 100,000 acres of irrigated cropland in the Idaho Eastern Snake River Plain Aquifer. That could actually reduce irrigated water used by 200,000 acre feet annually. It's going to be a very signifi-

cant benefit in Idaho for water quality as well as wildlife habitat and a big assist for the farmers as well. So thank you very much for making sure that this happened.

I just have one question for each of you, and it actually follows up on the question that Senator Salazar asked, and that is, I guess I would like you to just go a little further into the issue. Because as farmers and ranchers are facing increased pressures, to what extent are the farmers and ranchers being able to utilize these programs to address their energy needs?

Mr. KNIGHT. I appreciate the follow-up question. The tillage, those estimators, have had phenomenal coverage. I can't remember the exact number of producers who have gone through, but were well over the hundreds of thousands of producers who have used those estimators to be able to go through things.

As I mentioned, we are about able to release the irrigation estimator. I also have one in process now for confined livestock operations, just because heating and cooling for confined livestock is a very energy-intensive operation as well.

Then, we also have the opportunities that are coming forth in the Conservation Security Program, which specifically says we are supposed to be looking at energy conservation and renewable energy use. We have authority in there for an energy audit. There is a tremendous need for that throughout farm country to be able to respond quickly. We are finding that there is a real challenge in finding qualified auditors to be able to help people on energy audits on the farm.

We do a small payment within CSP for renewable energy use as well as energy conservation. So that if you can prove that you used to use 15,000 gallons of diesel fuel a year, you have made these changes and you are now doing fewer, then we would do a small, admitted token payment in CSP, but it is intended to look at these conservation needs in a much more holistic manner—not just water, not just soil, but energy as well.

Mr. JOHNSON. From CRP's perspective, obviously if a producer elects to enroll their land in CRP and plant to a conserving use cover, whether it be hardwoods or switchgrass or anything else, their energy consumption, in terms of tillage practices or fertilizer or whatever else, is going to be greatly reduced, so that will provide them a savings. That's an economic calculation each producer makes on their own as to their best utilization of their land.

Along with that, the 2002 Farm Bill did give us some special authority on CRP to allow the placement of *Windsor binds for energy generation on farms. That has been allowed on a case-by-case basis, decisions at county committee's level. I can't tell you the number of them around the country, but that is another alternative that relates to energy production on the farm.

Mr. CRAPO. Well, thank you. I just would like to tell you I've held, either I or my staff have held, 25 or 30 town meetings across Idaho over the last, oh, six or 8 months or so to try to talk about the upcoming farm bill.

One of the most common inputs that we are getting from those involved in production agriculture is that perhaps we should consider a very increase in our focus on an energy title or as well as

the connection between energy and consumption issues and the utilization of other programs, particularly the conservation programs.

Where we can achieve these two objectives, I think it would be very, very helpful. I encourage your focus on that as we work with you on developing our approach to the various titles of this next farm bill.

Mr. KNIGHT. I appreciate that very much. If I could augment our earlier, both of our statements, one of the things that we have also done on the energy issue is we found that many people were slowing down implementation of existing EQIP contracts because of the escalating costs of energy.

PVC pipe for a pipeline is very energy-intensive. Steel costs have gone up. So we have provided a special initiative to modify the payment levels under EQIP for some of those older contracts as trying to be responsive to the energy crisis.

Mr. CRAPO. Well, thank you. That's exactly the kind of thinking and the kind of action that I think we need to focus on as we try to assist in dealing with this issue.

Chairman CHAMBLISS. Senator Nelson.

Mr. NELSON. Thank you, Mr. Chairman.

First of all, I want to suggest that I appreciate the move toward recognizing the critical areas of cattle, of the cattle industry in EQIP, giving that a high priority, recognizing that the cattle industry is facing a major challenge of complying with EPA requirements, so I appreciate that.

I hope that you can continue to recognize the critical nature of that industry and the requirement for EQIP to be a major ally for the cattle industry to come into compliance and avoid having what would otherwise be a major disruption to the cattle industry, so I appreciate your taking that into consideration.

I thought I would start off with something positive, but I'm not going to go to something negative, either. I just wanted to compliment you on it.

Mr. KNIGHT. Thank you, sir.

Mr. NELSON. In your statement, Mr. Knight, you mentioned the changes in EQIP's maximum payment limitations and other changes to the program. I know you have talked about this, but can you give us an idea of what this has meant to farmers and ranchers and whether or not these changes have actually saved money and how much, or do they just shortchange agriculture producers? Do the changes appear to be more beneficial to larger operations or smaller operations and overall how they affect the conservation goals that we all are pursuing?

Mr. KNIGHT. There were quite a lengthy list of changes that were authorized in EQIP and the farm bill that have helped improve the implementation of the program. Because of the concerns from some of the larger operations, we can now go up to $450,000 per contract on EQIP. Yet, our average EQIP contracts, probably hovering around $20,000. So we can do the larger ones where needed.

We have put checks and balances in on anything that goes up over $100,000 or $150,000, but you're only talking about a few hundred a year that fall into that category. We have the—Mr. Nelson. Only a few hundred that would fall into the large?

Mr. KNIGHT. Into the very large categories, but those are also very large environmental needs.

Mr. NELSON. Sure.

Mr. KNIGHT. We will also, in order to make sure that we are balanced, launch a limited resource producer initiative and put aside with a goal of about $10 million this year specifically targeted limited resource producers, making sure that we are flexible enough to be able to work in those communities as well. The response has been outstanding. So we are finding that we are making EQIP work on both ends of the spectrum.

Our effort and our endeavor on EQIP is to make sure that is size neutral. We are trying to respond to addressing the environmental goals of a producer regardless of size of the operation to address the environmental needs in the community. It has been quite a challenge, but we are pleased with the results we have seen thus far.

Mr. NELSON. Would you have any of that information? I don't need to know the names of those individuals, but a breakdown of the large, the number of the large, and the number by category?

Mr. KNIGHT. We will provide that for the record for you, a number of the large producers. I will also supplement that with a summation of how we have done with the limited resource initiative as well and attempt to break it out by livestock class, since most of them tend to be livestock operations that go into the larger funding category.

Mr. NELSON. Yes. You discuss the benefits of the RC&D Programs and then mention that the president's budget basically cut the funding in half and sought to half the number of RC&Ds.

Can you explain in ways that we would understand the thinking behind the cuts in what appears to be a successful and important program? I guess when you get a program in place, having been a Governor putting programs in place, I am always concerned about seeing them cut when they are working. I might not support increasing the funding for it, but you sure have a difficulty for me to understand why and how you would cut it.

Mr. KNIGHT. A resource development and conservation program is really very unique in that it tries to bring together the mutual goals of both economic development and conservation.

I mean for all too long folks have tended to think of conservation and economic development as being mutually exclusive, and they are not. So what it tries to do is marry up economic creation opportunities with conservation objectives. I have visited a tire recycling plant in your home state of Nebraska, as an example, of responding to the needs there.

The desire from the administration's budget proposal this year was to send a clear signal that the intent is for these individual coordinators is to not have that to be an ongoing Federal commitment of the individual staff person.

These councils, many of them, are very vibrant and are being in enough soft money that they should be able to stand alone so that we can start making investments into the other counsels that are on the wait list out there.

We have been under flat funding for the last several years, and so we find that the RC&D movement is tending to be a closed com-

munity now. We are not able to bring in new ones. We are funding only the existing ones and continually having to constrict the funding on that because of that.

The desire from the president's budget was to send a signal that it's time to think of this in new ways and try to move forward. We thought that sharing coordinators across council lines would be a good way of doing that.

Mr. NELSON. Well, I thank you for your explanation. My time is up, Mr. Chairman, but perhaps I'll talk to Mr. Knight later and try to get a better idea of what the future is for this program.

Thank you very much.

Chairman CHAMBLISS. Senator Talent.

Mr. TALENT. Thank you, Mr. Chairman.

I appreciated your testimony. It seems to be a thoughtful attempt to implement these programs. Mr. Knight, I agree with you that conservation is not only consistent with economic development, I think there is a growing realization that the two are mutually dependent long-term.

Senator Salazar and Senator Nelson asked several of the questions I was going to ask, so let me just make a comment and then just ask an open-ended question of you two. It would be good it seems to me, and I would like to almost like to say if "for once" we had, you know, across different committee jurisdictions and across the Congress a sustained and coordinated policy in an important area.

I can see one developing in the Congress regarding energy. There seems to be pretty broad support for at least reasonable incentives and attempts to conserve, which several senators have asked about, and also for renewable fuels.

I would hope that in your thinking over the course of the next 6 months to a year, and keeping in mind that a new farm bill is probably on the way, that you all would be thinking and giving us your ideas about how we can move constructively in this direction in a new farm bill.

I mean, what do you think we can do to adapt your programs, for example, to enhance the production of different kinds of renewables or to enhance the energy conservation efforts you've already been engaged in? So I think that would be useful. It certainly would be for me, and I suspect for others.

OK. If you had, what would be for each of you, say, your top two priorities for these kinds of programs in a new farm bill? I mean, what would you like to see? I've heard you talk about, you know, assistance in new information technology. But I mean if the Congress would do the top two things that each of you wanted, what would they be?

Mr. KNIGHT. I've got to first of all think of it. I appreciate the—first off, my reaction to the energy issue, one of the things that I haven't mentioned that is very key in mind, we're seeing a wave of development on waste digesters where we are capturing the methane off of confined livestock units, off the manure, and converting that into energy or heat for many operations.

We are seeing a large influx of funding both from NRCS in the EQIP Program and within rural development on waste digesters. There is a tremendous opportunity there if we look creatively up

and down the scale of how to turn various waste streams into income streams as it pertains to energy.

We also have our scientists working on being able to answer some of those questions of the imponderables of how sustainable can you harvest biomass, how sustainable is a grain-based conversion to ethanol off of soils under no till versus biomass—some of those sorts of things to really see most productive, least productive soils, to try to have the best possible status on that. Now, as to the top two priorities, it may be best at this stage——

Mr. TALENT. Mr. Chairman, let me just say it's really a sign of how the Congress operates that these two witnesses are nonplused that a senator is actually asking them their opinion about something.

[Laughter.]

Mr. KNIGHT. We are plused [laughter].

Mr. TALENT. Look, I don't want to put you on record with something—that was a friendly question. If you would rather wait and give it to me for the record later on, you can, or speak in general terms, that would be OK.

Mr. KNIGHT. It would be best for us to wait at this time. The secretary has a very methodical process laid out for the listening sessions.

Mr. TALENT. OK.

Mr. KNIGHT. Those papers have been released from the results of that. The secretary has now released the risk management paper, a conservation paper will be released very shortly. That is going to even of itself just open the broad question and not represent administration policy.

Mr. TALENT. All right, that will be fine. For the record, let me just add one comment, and then I'm done. Mr. Chairman, my time is almost up anyway. When you're thinking about how to dovetail these programs best with both an energy conservation and renewable energy type goals, think in terms of, a little bit in terms of process.

I don't want to sound like a lawyer. But how can we change or adapt this process so as to help produce from the ground up, from these producers and from our local leaders, more of these ideas?

Like, you were talking about the waste digesters, which I'm sure that probably came from the ground up, how can we change the systems of decisionmaking so that we are more open to these ideas and a quick response to them and implementation of the good ones? If you would think in those terms, I would appreciate it.

Mr. KNIGHT. Certainly.

Mr. TALENT. Thank you, Mr. Chairman.

Chairman CHAMBLISS. Before I go to Senator Baucus, let me just repeat the announcement I made before started, and that is we have a vote which I think has just been called or is about to be called. We also have a joint session, I think, starting at 11.

Senator Harkin and I intend to adjourn to go vote probably after Senator Baucus completes his questioning. We are going to come back and complete this hearing. So any of you who wish to come back for either additional questions with this panel or questions for the second panel, obviously we will be here.

Senator Baucus.

Mr. BAUCUS. Thank you very much, Mr. Chairman.

I want to thank both of you. I think basically the conservation programs are working pretty well we've got right here at home, and sure with some likable adjustments around the edges here and there, but by and large I think we are not too far off the mark. I might say that we received in Montana over $100 million in conservation payments. So it's big; it's important.

Second, I think next to Texas we are the largest CRP state. That's a mixed blessing as you well know, but still it is very, very large. About 90 percent of private land in Montana in one form or another is farmland. Two-thirds of our state is grazing land, the entire state, some is private and some is public. But this is very important to us.

I like the idea of thinking about an energy title. The time is ripe, and I urge all of us to be thinking more seriously about how we would write that, what it should be. I'm stunned at the interest in developing, I don't know how to pronounce the words, "cellulosic ethanol" products. You know, the figures I've seen, saving about 14 billion—no, I've forgotten the figures.

The point is we could be much more self-sufficient with the development of cellulose forms in production of ethanol. It is much more efficient in terms of sugar content. If you compare corn, much more efficient, if they can figure out how to do it with an ear of corn. So, I strongly recommend that.

I might also, though, say that clearly commodity support payments in the Farm Program are a very important addition to conservation. It's a proper balance that we've got to maintain here. I know you understand that and agree with that. Agriculture is our No. 1 industry. In my state, it's about $2 billion worth. By Montana standards, that's a lot. It's critically important to Montana. I might say, too, that I urge you to think more about the Grassland Reserve Program. The program I think is about 245 million in Montana alone. I mean, we signed up for 200 million, applications for 200 million, which indicates to me that demand nationwide could be higher than 254, I've forgotten what the number is, in the program.

I would urge you to be thinking about expanding Grassland Reserve Programs. Senator Thomas and I have been working. It's our idea and it's going better, frankly, than I expected.

Also, I would be kind of interested in your thoughts on how to address the problems with smaller communities caused in some respect by CRP. Because so much land is put in CRP that is not taken out of production that some of the smaller communities, at least in Montana and I think in other parts of the country, are hurting.

Of course, it gets to the tradeoff between the younger farmers and the older farmers. The older farmers, yeah, they like the CRP; they can go South. The younger farmers say, "Whoa, I can't buy because there is nothing there to get into. I want to get into agriculture, which is very difficult."

I'm just curious if you could give me some thoughts of how we might mitigate some of the adverse consequences, there is compensation and everything, the adverse consequences caused in small towns by CRP.

Mr. JOHNSON. Senator, the 2002 Farm Bill required us to submit a report on the economic impacts of CRP. Analysis was done by ERS, and I believe the report was submitted in 2004. Overall, from the big picture, it asserted that CRP did not have a negative impact on rural economies. It did acknowledge that there could be some isolated local impacts, but they were mitigated usually within a period of two or 3 years.

So it remains a bone of contention in some parts of the country. I understand that. But from the best analysis that we have done, we don't think that the overall impact is negative, and that's what the Department reported back to Congress in 2004.

Having said that, I think it is important as we pursue program implementation that we do it in such a way that we don't unfairly compete in the marketplace for land, enticing it out of production.

This past year we required all our state and counties to do a review of their soil rental rates because we do not want to unfairly bid against a neighboring farm or a rancher for that land to take it out of production.

At the same time we don't want to be below the market rate because if you aren't competitive, then no one will put land into the conservation program, so it's a matter of finding that balance.

As you are probably aware, some of those rates were adjusted in Montana as well as some of our other Western states downward, and then in the Midwest some of those rates were increased.

Across the country we are trying to level these things out and have our soil rental rates at the market price, because again we want to be competitive but not unfairly so. We don't want Uncle Sam outbidding the local farmers, and at the same time we don't want to be below the local cash rental rate.

So it is a matter of finding a balance. We think we have done the best we can with the program, and that it does offer economic stimulus and returns to the rural communities in terms of recreation and hunting opportunities.

I was visited by the game director from South Dakota, who was very concerned. They didn't want to lose a single acre of CRP because of the economic benefit that pheasant hunting brought to South Dakota. So there are economic benefits that return to the rural community through CRP as well. It's not a negative.

Mr. BAUCUS. Well, I know that. I know it's true. All the things you've said are true. I just urge you the community is very sensitive to the question that there are tradeoffs.

Mr. JOHNSON. Yes, sir.

Mr. BAUCUS. I just ask you to be sensitive to the tradeoffs. I'm out of town. I've got to got, but I do ask you to try to see if there is a way to increase the amounts for the Grassland Reserve Programs. It's very important.

Mr. JOHNSON. We have spent what we were authorized to spend.

Mr. BAUCUS. I know. But, I mean, you might just kind of go back through channels or whatever and say, "Hey, we need more here. The authorization needs to be a little higher here."

Mr. KNIGHT. I believe both agencies, we have looked for every creative way we can, but we are at the spending cap on the GRP until farm bill consideration.

Mr. BAUCUS. I know you are. Right, I was just saying that you can buildup a case, "Hey, we need to expand that," that would be helpful.

Mr. KNIGHT. The grasslands look to be probably the most endangered ecosystem in North America. When you put the tall grass, mid-grass and short grass prairies together.

Mr. BAUCUS. Thank you, Mr. Chairman. Thank you.

Chairman CHAMBLISS. Thank you.

Gentlemen, we are going to adjourn to go vote. If you will take a break for a few minutes, we will be back.

[Recess.]

Chairman CHAMBLISS. We will now resume our hearing by calling on Senator Coleman.

Mr. COLEMAN. Thank you very much, Mr. Chairman.

I apologize for missing the testimony of Mr. Knight and Mr. Johnson. Foreign Relations has taken a great interest in energy and dependence on foreign oil. We had Chairman Greenspan testify. He had a lot of good things to say about ethanol and about the cellulosity ethanol and the impact that ethanol can and will have in lessening America's addiction to oil. So I apologize for not hearing the testimony.

I have two issues that I just want to bring up. One, I do want to thank Mr. Knight properly on the record for the work that he does and the NRCS does. They are much appreciated in my state.

Minnesota ranks tops in the country in terms of applicants and acres for WRP, for the "Wetlands Reserve Program." I think we have more folks on a waiting list to sign up, than we even have in the program. There is great, great demand here.

Here is my concern. I am going to probably ask witnesses in the next panel to address this also. On the one hand, you know, we want to be local. We talk about being local, but I get a lot of frustration from, or I hear a lot of frustration from my growers and producers, about disparity of interpretations of NRCS regulations between adjacent counties. That is pretty frustrating to folks.

I know it's a balancing act, but I wonder if you can help me kind of figure out whether there can be more uniformity in conservation program implementation over similar regions without losing that local flexibility?

Mr. KNIGHT. [No microphone.] I appreciate the question. I am grateful to hear about the work that NRCS has been doing in Minnesota.

[Microphone on.] We pride ourselves in having a locally led process, which is priority setting, done as close to the grassroots as possible, as well as making sure that our standards and practices determine how you implement something.

What works in Northern Minnesota is very different than what works in Southern Minnesota, as you are well aware, so we try to have the flexibility for that to vary. However, the disparity across those lines need to be transparent and logical for an individual producer to see.

The first course for us has to been to build transparency into our program implementation so that it makes sense to anybody. If it's a black box, it appears to be unfair or maybe even discriminatory,

and so our first level has been to make things as transparent as possible.

All or our rules published on the Web so that everybody can have those. Most of our programs are backlogged, which means that we rank everything and we accept the program offering in EQIP that has the greatest environmental goods and services being delivered.

Well, what we've done because of that is published the ranking process as well, so that everybody knows the ranking process before they submit an application, so that it fits in there.

The practices and standards amass themselves in the "Field Office Technical Guide" that used to be about five binders like this [indicating], 3 inches wide, that were sitting only in the office that nobody could access unless you were an employee.

Those are now on the Web so that everybody can see those practices and you can compare which practices are utilized in Northern Minnesota versus Southern Minnesota or, perhaps even more importantly, across state lines from Minnesota to Iowa, and so the first level of this is the transparency.

You will hear from some of the panelists that follow me how difficult it is to really change some of these things, especially as it pertains to changing priorities for different classes of livestock.

We appear to be doing a good job with the beef industry, but there is a fair amount of dissatisfaction with the swine industry because the practices don't quite fit yet, and so it takes a continual effort to address those.

The first level is transparency, next comes training and recognition from the individual areas. A third thing is to make sure that the ranking processes are fair. When we go to a national format for ranking, I think that will improve the fairness across county and state lines in the implementation of EQIP.

Mr. COLEMAN. I appreciate your focus and attention to this.

Mr. Johnson, let me just ask you: yesterday, USDA released the results for re-enrollment and extensions of CRP. The president actually talked about that in Minnesota in 2004. The original estimates of 15 to 20 percent landowners and in some areas numbers as high as 50 percent of not re-enrolling.

My concern is, you know, what is USDA doing to address large numbers of acres that are potentially coming back into circulation? The impact it has on production, the impact it has on crop prices, and the impact that has on the hay reserve for ranchers, the impact on conservationists, wildlife and hunting have raised concerns.

Can you talk to me a little bit about what we're doing to minimize these potential impacts and how do you plan to aggressively address the next batch of CRP acres expiring?

Mr. JOHNSON. We took the acres that were expiring from 2007 through 2010 and broke them into two groups. There are 16 million acres expiring in 2007 and another 12 million expiring from 2008 through 2010.

We took the 2007 contracts first, and this January we mailed out notices to all contract holders about their options to re-enroll or extend their contract per the president's commitment in your state back in August 2004.

Of those, what we announced this week, we announced the results of our general sign-up, we also announced that of those 2007

expiring contracts, 73 percent I believe it is, 73 or 74 percent—no, excuse me, 84 percent, 84 percent of them had taken us up on the option to extend or re-enroll.

We have a 16 percent slippage or attrition rate, which is not as great as I might have thought it was. When we looked at historic offers of opportunities to extend contracts, we saw a range of anywhere from 15 to 25 percent slippage, so here we've got 16 at the low end of it. We are well-satisfied with that, and that does result in another, you know, million-plus acres coming back into production.

Individual landowners and producers make their decisions based upon their own local economic conditions and what they think they can best utilize that land for. But it I was right in the ballpark of what we expected historically and we are satisfied and pleased that 84 percent of them are extending their contracts.

Mr. COLEMAN. I appreciate that. Thank you.

Thank you, Mr. Chairman.

Chairman CHAMBLISS. NRCS, demand for it is increasing and yet the funding for conservation operations budget is declining. What are you doing to control costs and otherwise address this reality of budget declines?

Mr. KNIGHT. The budget declines over the last few years in technical assistance have been very great, of course increasing earmarks, but as significant was the $10 million reduction for Katrina, an across-the-board reduction as well. So we have taken many steps to try to contain costs.

I have a freeze throughout the Agency on new vehicles. I have a freeze on major IT asset purchases as well, to be able to contain those costs. We have been able to avoid any major need to—we haven't had to let go any permanent employees. A few states have had to make adjustments on temporary employees, or they have been shifted to other assignments.

One of the key things on the Conservation Operations Account has been for the first time we have put national priorities in place to clearly manage this as a program, have priorities, what we are trying to achieve, a manual that strictly says what should and should not be done into to make sure we are managing the program as efficiently as we possibly can.

Long-term, the next phase is to really look at what is the work that is being done there, are there ways to automate and increase efficiencies in there. We are looking for everything we can. It is a small example of efficiencies that come from there, but since CTA provides that basic underlining planning work, I will give you this example.

We do a lot of engineering work. We have saved nearly $700,000 by doing a nationwide buy of the AutoCAD software that our engineers do instead of buying that piece by piece. We are looking for every one of those kinds of savings we can do to constrain cost, so that we can put as many people on the ground as we possibly can.

Chairman CHAMBLISS. Last month, the EPA released a "Wadeable Streams Assessment," and in that EPA found that 42 percent of streams are in poor condition, 25 percent are in fair condition, and 28 percent are in good condition. Nitrogen, phosphorus, and sediment were the most common stressors.

NRCS began the Conservation Effects Assessment Project in order to measure and understand how conservation programs possibly affect the natural environment. What do we know from that study, and will it help us make decisions for the next farm bill?

Mr. KNIGHT. We have tried to streamline the SEEP process in order to have some preliminary results in time for this committee and others' consideration for the next farm bill. Certainly the largest quandary that not just USDA Natural Resources' agencies but everybody working on natural resources has is: how do you measure the impact of what we are doing?

We have 70 years of experience in soil and water conservation, and probably a little less than a decade on air. We know we are doing good things, but it is very difficult to evaluate which is the most effective. Terraces versus no till? What does greater groundwater recharge in Georgia? Is it small dams and ponds, or is it water conservation on the irrigation systems? That is our desire to ultimately get to with SEEP is to be able to have a series of models that will help us make that evaluation at as local a level as possible for the effectiveness of that conservation investment.

SEEP is certainly a long-term investment. We hope to have a few initial results, but I'm fearing they will be sketchy for the 2007 Farm Bill. But it's important to think of SEEP as a long-term investment for conservation effectiveness. The participation within USDA and with the other Federal agencies has been outstanding.

ARS is a major player in SEEP as well as CSREES. EPA has an individual loan to us as a liaison to help us in the relations with that. We are working closely with the wildlife community to have as robust as possible program to be able to provide answers not just for this farm bill, but for Agency management into the future of the next farm bill.

Chairman CHAMBLISS. The "April 2006 GAO Report" on the Conservation Security Program cites weak internal controls and the lack of quality assurance in case file documentation as factors that have led to CSP payments duplicating other conservation program payments. It also found that wildlife habitat assessment criteria vary widely by state. How are we addressing these deficiencies?

Mr. KNIGHT. That particular report was done from the snapshot of the 18 pioneer watersheds from 2004. Many of the suggestions that came from that report were, quite frankly, as a result of some of our internal efforts.

We have an O&E process that we use internally to learn from those things. We had already made the changes on the internal controls to guarantee that we did not have duplication or multiple payments.

We have done similar things on the wildlife arena, though costs constraints are always a challenge there. We have a statutory limitation in CSP that we cannot do more than 15 percent as technical assistance. That means that certain disciplines within the Agency that love to go to the field, my wildlife folks, the range scientists, have a certain frustration that they are not going to the field ahead of the completion of a CSP contract. We have instead automated that and use the indexes. I think we have responded fully and completely to all the things that were outlined in that report.

Chairman CHAMBLISS. Mr. Johnson, we talked about the administrative cost per acre per contract on our programs, and you are going to submit that to us. Would you also give us the technical assistance cost per acre for CRP and CRP enhancement programs at the same time you provide the other information?

Mr. JOHNSON. I certainly will. I will be glad to do that.

Chairman CHAMBLISS. The USDA announced the results of the latest CRP sign-up and the results of the contract extension and re-enrollment offer on Monday of this week. What's the total current enrollment for CRP? Please walk us through the allocation for each subset such as continuous sign-up, CREPs, et cetera. How many acres will be extended or re-enrolled?

Mr. JOHNSON. On the re-enrollments and extension, as I mentioned earlier, there are 28 million acres expiring between 2007 and 2010. We broke those into two pieces. What we announced yesterday or earlier this week was that of the 2007 contracts that were expiring, 84 percent of those folks have taken us up on the offer to re-enroll, that is 84 percent and that is 16 million acres.

Contracts that are expiring from 2008 through 2010, those producers and landowners have been given until the end of this month, the end of June, to come into their county FSA Office and pay a compliance fee so that the paperwork can follow that will allow them to take us up on that offer as well.

So it will probably be sometime in mid-July or late July before we have all that data in our computer system to say exactly how many, what percentage of that 12 million acres is taking us up on the opportunity to re-up. I don't have any reason to think that that will be dramatically different than the people in 2007. If it stays true to that, we are looking at a 16 percent slippage rate overall.

Now, as far as the number of acres assigned, we have a 39.2 million acre cap. We are currently at 36.7 after the sign-up, which about 400,000 acres of the million we just accepted were expiring contracts that were enrolled. We have some room to work.

Of that I think we are anticipating, correct me if I'm wrong, about 400,000 acres a year for Continuous CRP and CREP. The president's budget this year had a 2.5 million acre general sign-up. Obviously, we didn't achieve that.

We will be reassessing as far as what we plan for the next year, whether we need to develop some new tools to encourage a more robust sign-up in our continuous practices in our CREPs.

I will say that the three CREP agreements I mentioned that were focused on water conservation in both Colorado and Nebraska and Idaho have been enthusiastically received. We have seen very strong interest there, and so those acres might chew up fairly quickly.

Likewise, with the Presidential Quail Initiative, which the Chairman helped us kick off a year or two ago down in South Georgia, we have seen strong interest there with almost a hundred thousand acres enrolled; we had only budgeted 250,000 acres. That is going very quickly.

We have seen, perhaps, a reduced interest in our general sign-up acres where we only have a million acres being enrolled in this general sign-up. We are seeing in other parts of our continuous and

CREP programs a very healthy appetite for acres, and so we may have to adjust our planning in that regard.

Chairman CHAMBLISS. Many CRP supporters have expressed concern that FSA is not doing enough to ensure wildlife and water quality measures are maintained throughout the life of CRP contracts, and that the benefits promised when contracts were signed are not being met. What oversight strategies or polices does FSA have in place to ensure the promises of CRP are achieved and maintained?

Mr. JOHNSON. Our general policy which applies to all CRP contracts in our county offices requires our county offices to do a compliance check on 10 percent of the contracts every year, so obviously it will take the full 10–year cycle of our contract before they get through all the contracts on compliance checks.

But after the president made his announcement about committing to utilization of the full cap and announcing the initiatives for wetlands and quail habitat in Minnesota, that was referred to earlier, he directed us to go out with a "Federal Register Notice," seeking comment on the program and how to address this whole issue of the expiring acres. In the 5,000–plus comments we got back, compliance was a significant concern, as you have identified here this morning.

As a result, a policy decision was made that as we implement re-enrollments and extensions on all 28 million acres, that is 28 of the 36 that are in the program, the lion's share of it, we were going to require a compliance check on every one of those contracts before we process the paperwork for either an extension or re-enrollment.

On virtually every one of those 28 million acres, we will be doing a compliance check this year because we do think it is an issue that needs to be taken seriously. I don't have a complete report of all the findings there.

A lot of it was focused on noxious weed type things, but I will tell you that anecdotally I've heard reports that we found at least one trailer park and one water tower on the CRP acre. It is something that we are taking seriously. Every one, every acre, of these 28 million acres this year will have a compliance check conducted on it.

Chairman CHAMBLISS. I haven't seen many quail flying around trailer parks lately.

[Laughter.]

Chairman CHAMBLISS. Those compliance reviews that you're doing, is that done with local FSA Office folks, or do you do that——

Mr. JOHNSON. No, it's done locally by the county office. We did institute a fee for the compliance check this year of $45 per contract plus a dollar per acre. We utilized that money to hire temporary employees in the county offices to assist with this workload, because it was a very significant workload for us to try to cover all 28 million acres in a single year.

Chairman CHAMBLISS. Well, that answers my question about overtaxing the local folks, because as we all know the are very stressed out right now, from an employment standpoint.

Last, Mr. Johnson, conservation and wildlife groups have asked FSA to establish a longleaf pine national priority area and to devote 700,000 acres to it. What's the status of that request?

Mr. JOHNSON. That is under consideration. As I mentioned earlier, when I was talking about kind of the changes in appetite for CRP, we have seen some strong interests for some of our specialized, continuous practices.

As we look at meeting the president's stated goal of utilizing the full 39.2, we are looking at other types of practices that would target conservation and would be well received, and there would be a healthy appetite for. That was one of the ones that is under consideration right now. I don't have a date certain when we will have the decision made, but we are aggressively examining that alternative.

Chairman CHAMBLISS. Senator Harkin.

Mr. HARKIN. I had a question, but actually Senator Salazar asked it earlier and fleshed it out, so I don't have anything.

Chairman CHAMBLISS. OK.

Mr. Coleman, do you have anything else?

Mr. COLEMAN. Nothing.

Chairman CHAMBLISS. OK. Gentlemen, thank you very much. We appreciate your being here this morning and providing very valuable testimony. We thank you.

We will ask for our second panel to come forward.

[Pause in proceedings.]

Chairman CHAMBLISS. Gentlemen, thank you. We have Dr. James Earl Kennamer, senior vice president for Conservation Programs from the National Wild Turkey Federation from Edgefield, South Carolina, a great part of the world; Mr. Olin Sims, president elect of the National Association of Conservation Districts, McFadden Wyoming; Mr. James O. Andrew of Andrew Farms, Jefferson, Iowa, on behalf of the Iowa Soybean Association; Mr. Randall Spronk, chair of the National Pork Producers Council Environmental Policy Committee from Edgerton, Minnesota.

Gentlemen, we welcome all four of you here. We look forward to your testimony. I will ask you again if you could keep your opening statements to 5 minutes, and we will submit your full statement for the record, if you need any additional time for that. Mr. Kennamer, we will start with you. Thank you for being here. How are things in Edgefield these days between Quail Unlimited and the Wild Turkey Federation? It doesn't get any better than that.

Mr. KENNAMER. Well, I agree with you, Senator. We just need some rain right now.

Chairman CHAMBLISS. In South Georgia, it's the same way. Welcome.

STATEMENT OF DR. JAMES EARL KENNAMER, SENIOR VICE PRESIDENT FOR CONSERVATION PROGRAMS, NATIONAL WILD TURKEY FEDERATION, EDGEFIELD, SOUTH CAROLINA

Dr. KENNAMER. Thank you. The NWTF is dedicated to the conservation of the wild turkey and to preservation of the turkey hunting tradition. Since NWTF's founding in 1973, North America's wild turkey population has grown from 1.3 million to nearly 7 million birds. This is a result of cooperative efforts of state, Federal

and prevential wildlife agencies, the NWTF, and its 500,000 members and partners.

The NWTF conservation partners and grassroots members have raised and spent more than $224 million on conservation priorities to help conserve and improve more than 9.6 million acres of wildlife habitat and to uphold our hunting heritage.

I am pleased to tell you that our Federal agricultural conservation programs work well. Together we are putting conservation practices on the ground, helping landowners and producers, our communities, our land and our wildlife.

One area where existing conservation programs can be improved is more emphasis on active forest management. Our nation's forest supplies supply over 50 percent of the freshwater flow in the Lower 48 States where an estimated 180 million people depend on the forest for their drinking water. They are critical to our economy, to our environment, our citizens and our wildlife.

Another forestry program, the Forest Stewardship Program, is one of the best programs to provide technical assistance to private forest landowners. Through the program natural resource professionals have written over 260,000 forest management plans, improving almost 30 million acres.

However, the program does not provide any cost-share assistance to landowners. It is imperative that we provide more opportunities for cost-share funding for forest landowners in this program.

Perhaps our greatest disappointment with regard to forestry conservation lies with the Forest Land Enhancement Program. FLEP is a well-designed, well-intentioned program, but its $100 million in mandatory funding has been diverted to other uses. To improve forest management, FLEP funding must be used for its intended purpose.

The Environmental Qualities Incentive Program, "EQIP," is another program that can be strengthened to help address forest management needs. However, only 1 percent of EQIP funds are spent on forest management, and only about 5 percent of the funds are for general wildlife management.

Overall, this $1.1 billion program in 2006 spends less than $10 million annually in forest cost-share assistance to landowners. The NWTF recommends strengthening EQIP's implementation regulations and the underlying to ensure the targeting of more EQIP funds to wildlife activities that improve biodiversity in forest health. Increased EQIP funding will also further enhance opportunities to improve wildlife habitat including forests.

Finally, EQIP and other conservation programs should require more contribution agreements to allow nongovernmental organizations to assist private landowners, thereby avoiding the cumbersome technical service provider process.

The Conservation Reserve Program has an excellent long-term track record for providing landscape conservation of soil, water, and wildlife. We support continued refinement of the Environmental Benefits Index, "EBI," to further produce high-quality wildlife habitats.

We also suggest encouraging practices like more hardwoods and longleaf pine plantings on CRP, more native warm season grass plantings, improved mid-contract management on wild loblolly pine

CRP contracts, and more full-time employees at FSA to improve CRP compliance.

We also support an increased emphasis on the Wildlife Habitat Incentives Program to manage native plant communities and increase biodiversity. However, WHIP has seen dramatic cuts for mandatory spending levels.

We recommend full funding for WHIP and support broadening the number of targeted species and place more emphasis on long-term benefits or practices such as prescribed burning or targeted hardwood planting.

Hunting is an honored, American tradition. Opportunities for public access to hunt on private lands provide economic benefits to local communities, the hunting industry, and broaden support for farm and conservation programs.

Mr. Chairman, did you know that 18 million hunters spend $30 billion annually. We support incentives to open private lands to hunters by offering additional points through the Environmental Benefits Index or adding other cost-share assistance to support access.

In summary, the NWTF believes that our agricultural conservation programs have made a significant positive impact. With some modern administrative and statutory adjustments and consistent funding, these programs can provide even greater benefits to our wildlife, our citizens, and our economy in the future.

One thing I would close in saying, Senator, is that I hope with all of the gains that we have been able to make with all of these conservation programs, going all the way back through the years and hearing the testimony this morning about energy, that we don't sacrifice those long-term gains that we have made to go for energy. We support energy and the ways to do that, but I think we can't rob that to make it happen.

Thank you, sir.

[The prepared statement of Mr. Kennamer can be found on page 97 in the appendix.]

Chairman CHAMBLISS. Thank you. You make a very good point. We have got to be careful how we balance the interest of energy versus wildlife and versus our food production also. It is something that this Committee is going to look very strongly at.

We are excited about the opportunity for our farmers and our ranchers to participate in the alternative energy production, but at the same time we do understand that the farm bill next year is going to be an issue of national security in addition to farm security.

I can't let you be here to testify without complimenting the great work that the Wild Turkey Federation has done along with Departments of Natural Resources in virtually every state in the country to increase the turkey population around the United States. What a terrific job you have done there and what great results have been achieved by that.

We know a lot of that is because of the conservation programs that farmers have taken advantage of or landowners have taken advantage of that are provided for in the farm bill. Thank you very much.

Mr. Sims.

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

Mr. SIMS. Good morning, Mr. Chairman and members of the committee. My name is Olin Sims, president elect of the National Association of Conservation Districts, as we refer to as "NACD." I am a rancher from McFadden Wyoming. My family runs a 700 cow/calf operation on 22,000 cares of deeded, private, state and Federal leases in Southern Wyoming. I have served on my local Conservation District for nearly 20 years now.

Across the United States nearly three thousand Conservation Districts—almost one in every county—are helping local people to conserve land, water, forest, 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.

NACD believes that every acre counts regardless of its use in the adoption of conservation practices. We are pleased to have the opportunity to provide testimony today. NACD and the Wild Turkey Federation have entered into an agreement to promote wild turkey habitat at the local level. The other witnesses on the panel are friends from the Pork Producers and the Soybean Growers represent the major customers that Conservation Districts in America serve.

The 2002 Farm Bill impacted producers across the country; but in my area, in Wyoming, they conservation programs are the farm bill to us. I am happy to have had the opportunity to participate in some of those programs.

My family implements environmental stewardship practices such as intensive rotational grazing, integrated wheat control, introduction of new grasses, and windrowed hay management for energy savings.

The 2002 Farm Bill provided an increased emphasis on working lands, provided a balance between programs that retire land from production and those that a producer is still producing a crop.

Conservation Districts hope this trend continues in the future. Let me stress that NACD defines working lands as those lands in economic production of food, feed, and fiber and believe that producers must have an economically viable farming and ranching operation to make an investment in conservation practices in the future.

NACD was pleased with the overall funding commitment provided in conservation program options in the 2002 Farm Bill but is concerned with the alterations to the funding of the program since the passage of that bill.

Overall, as we look at the 1902 conservation programs, the implementation results vary from state to state. Not all programs impact each region of the country the same way. Some are just not options for producers, so we must continue to focus on a menu of options for conservation assistance in the future. USDA conservation utilizes the local workgroups to assist in targeting funds and programs to address local resource needs and priorities.

Local workgroups convened by Conservation Districts and comprised of Federal, state, county, tribal, and local government rep-

resentatives coordinate local program delivery. Local workgroups are an important element of program delivery to allow for local priorities and resource needs to be addressed.

Increased adoption of conservation practices through the programs provide a benefit to landowners and the general public, resulting in improved nutrient management with decreased nutrient sediment runoff as well as increased wildlife habitat. Programs have protected farm- and ranchlands from development and protected wetland areas through easement programs.

Conservation financial assistance provided through the farm bill 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, what we refer to as "TA."

TA is utilized to work with landowners on conservation plans from design, layout and implementation, helping landowners to understand highly erodible lands and the necessary compliance for farm bill commodity programs.

Technical assistance has been a key component in working with livestock producers to understand the EPA AFO/CAFO regulations. District staff and NRCS staff have held workshops across the country to educate producers on needs to make sure that their operations don't fall under enforcement actions of the Clean Water Act.

The bottom line is that producers need quality technical assistance to maximize the effectiveness of financial assistance they receive. Even without financial help, many producers still rely on that technical assistance to help them with their operations.

Mr. Chairman, technical assistance should never be considered an administrative cost. The EQIP Program has been widely successful across the country. Even with a substantial increase in funding provided in the 1902 Farm Bill, the demand still exceeds the available dollars.

The input from the local level is key in making the program successful. Many states do have a backlog of EQIP projects that have been approved but not implemented yet, and we feel it is crucial to have the personnel on the ground to help assist those producers in those contracts.

NACD was a strong advocate for the incentive-based conservation program, the CSP program; but in the development of the program and the creation of the regulations and actual implementation, the program changed significantly from our original concept. We hoped for a program that was easy for producers to access, but yet it has been extremely hard for them to do so, a complex program it turned out to be.

The 2002 Farm Bill was a hallmark for conservation in this country. It offers a sound mix of programs and resources to build upon for the future. It was a tremendous leap forward, and there are still many who remain untouched by its potential. From our perspective, we believe that every acre counts, and I believe the Farm Bill is the best mechanism to deliver.

Mr. Chairman and members of the committee, I thank you very much for the opportunity to testify before you today.

[The prepared statement of Mr. Sims can be found on page 120 in the appendix.]

Chairman CHAMBLISS. Mr. Andrew.

Let me just turn to Senator Harkin before you speak, Mr. Andrew.

Mr. HARKIN. Thank you very much, Mr. Chairman.

I just want to welcome Jim Andrew to the Committee. I was looking here, I was just showing this to the Chairman. This is an "Iowa Natural Issue," our spring issue, and it's a picture of Bruce Knight, NRCD chief, who flew in from Washington, D.C., to sign Iowa's first Tier III CSP contract with Jim Andrew, a fifth generation farmer in Greene County. Congratulations on that Jim. Thank you.

I just want to say, Mr. Chairman, that if you wondered or if anyone ever wondered how you can really do conservation and still be a successful farmer, all you have to do is go look at Jim Andrew's farm and find out how he farms. He has done it well, and he has done it for many years. He is not a Johnny-come-lately to this. He has been doing this long before I ever got involved in this.

Many of the things that he is doing are things that we have sort of looked at. He is just a very progressive farmer. I know a lot of questions were raised, and we're going to get to that later, about how you can combine wildlife habitat and CRP ground, but still use production working lands.

Believe me, it can be done, and there is a farmer right there that has done it and shows how to do it. I welcome him to the Committee. I may not be able to stay for all the questions. I just want to take this opportunity to welcome you here, Jim.

Mr. ANDREW. Thank you, Senator Harkin.

Chairman CHAMBLISS. That is a pretty high compliment coming from Senator Harkin there, Mr. Andrew, so we've got high expectations for your testimony and your answers.

[Laughter.]

STATEMENT OF JAMES O. ANDREW, ANDREW FARMS, ON BEHALF OF THE IOWA SOYBEAN ASSOCIATION, JEFFERSON, IOWA

Mr. ANDREW. I've crossed the country flashing Senator Harkin's picture on the screen and calling him the father of CSP, so I am the prodigy of the Father of CSP's efforts.

Mr. Chairman and members of the committee, my name is Jim Andrew and I am here representing the Iowa Soybean Association as a farmer director and a fifth generation corn and soybean farmer from West Central Iowa.

As a lifelong steward of the land, I would like to thank you and the Committee for the vision and leadership you displayed in crafting and passing the sweeping conservation provisions of the 2002 Farm Bill.

It was and still is an unprecedented commitment of the U.S. Government to help the nation's farmers meet not only their personal conservation goals, but also to make progress on addressing agriculture's contribution to improving overall environmental quality.

However, as time passes and other priorities present themselves, I and many of my fellow farmers fear that the solid commitment to the conservation title is weakening. We believe there is good reason to review and reinstate the Committee's original scope and intent.

In Iowa, the Conservation Security Program, or "CSP" contracts, still represented a small percentage of the over 60,000 Iowa farmers on working lands. Funding levels and rules for program participation, particularly with the CSP leave farmers with no guarantee they will be able to participate in the future.

Overall, $3 billion has been removed from the original CSP appropriation since 2002. If allowed to stand, the $280 million cap proposed in the current House Agricultural Appropriation Bill would result in few, if any, new watersheds becoming eligible for CSP in 2007. We recommend full funding of the conservation title of the 2002 Farm Bill.

Andrew Farms enrolled in CSP in 2005. Because of our over 30 years using progressive conservation practices, we found the CSP enrollment and evaluation a smooth, orderly, fair, and rewarding experience.

As one of the first Tier III recipients in the nation, I have spoken before more than 3,000 farmers and conservations from all over the United States. In the process of explaining the CSP program to those still waiting for their watersheds to be selected, I have heard several recurring messages.

Many farmers are becoming disillusioned and frustrated with the slow pace of program implementation. The ever-changing rules and budgetary constraints differ greatly from the way the program was originally explained to the farmer and are causing some to give up before they even enroll.

The selected watershed concept has led to rules and regulations which vary greatly from watershed to watershed and state to state. This is particularly hard to justify and for farmers to understand who are used to rules that are fairly and consistently applied nationwide.

Some farmers are making expensive capital investments in conservation systems in anticipation of their watershed being selected which may be five, eight, how many years away. Some are going as far as hiring paid consultants to put their records and farm operations in the best condition to maximize their tier and financial reward.

The program originally allowed a fully transferable gentleman's agreement between tenant and landlord for the 10–year commitment. Rumors and sources now tell me that those not able to honor the original terms because of a change of ownership or tenancy will have their contracts canceled and may be fined a portion of the proceeds already issued. This is causing a great deal of concern and anguish among farmers and landlords and will greatly limit the potential participation until it is resolved.

The CSP program needs to be simple enough at Tier I to allow the maximum of initial participation while not watering down the requirements to where they are meaningless. At the same time, farmers won't enroll if funding does not exist to support the additional enhancements they need to make the rise to the next tier.

Finally, when I realized that we had been awarded Tier III and would be recognized with a national signing ceremony at one of our three ponds, attended by Bruce Knight, chief of NRCS, I had some real apprehensions as to the reaction of my fellow farmers and local taxpayers.

Of all the civic-minded things that my father and I have done during the course of our lifetimes, nothing has been as well received and accepted as the Conservation Security Program.

We continue to be dumbfounded with the sincere congratulations and compliments from farmers and urban residents alike. This reinforces to us that conservation supersedes partisan politics and is of primary importance to all citizens.

Based on our experience, we feel you have a mandate to strengthen and continue the rapid implementation of the Conservation Security Program nationwide. We know the program works well on a small scale. Provide the needed funding and support and farmers will work with you cooperatively to get the job done.

I appreciate this opportunity to present our views and recommendations to you and will be pleased to respond to any questions or comments. Thank you.

[The prepared statement of Mr. Andrew can be found on page 117 in the appendix.]

Chairman CHAMBLISS. Thank you, Mr. Andrew.

Mr. Spronk.

STATEMENT OF RANDALL SPRONK, SPRONK BROTHERS III, CHAIR, NATIONAL PORK PRODUCERS COUNCIL ENVIRONMENTAL POLICY COMMITTEE, EDGERTON, MINNESOTA

Mr. SPRONK. Good morning, Chairman Chambliss, Ranking Member Harkin, and members of the committee. My name is Randy Spronk. I am a pork producer from Edgerton, Minnesota. My family and I operate a farrow to finish hog operation. We also raise corn and soybeans. I am here this morning proudly representing the National Pork Producers Council and the thousands of U.S. hog producers throughout the country.

I am chair of NPPC's Environmental Policy Committee. We are very grateful to you for holding this hearing and we appreciate you accepting our written remarks for the record. What follows is my summary of that written statement.

Pork Producers are proud of our commitment and our support for Congress' effort to dramatically increase funding for the conservation programs during the 2002 Farm Bill, particularly the Environmental Quality Incentives Program, "EQIP."

We believe that the clear direction given in the 2002 Farm Bill was that EQIP program would help farmers deal with their top environmental challenges. Pork producers look forward to participating in the EQIP program to help us to continue to improve our environmental performance and to meet or exceed our regulatory requirements, state or Federal.

While our support for this program continues today, I must tell you that overall pork producers have been sorely disappointed in the EQIP program. This disappointment has not been universal. However, we think that the EQIP program is missing a tremendous opportunity to have a dramatic effect on the environment by

failing work with many of our producers. The bulk of my comments this morning focus on the EQIP program under the 2002 Farm Bill.

The EQIP program, despite numerous helpful amendments made in the 2002 Farm Bill, has made only minimal contributions to pork producers' environmental performance. In short, pork producers have received little EQIP funding.

We first detected this trend in the data from the 2003 program year. We reviewed and discussed these findings with NRCS leadership and some important steps were taken to address these issues, but the bottom result unfortunately did not change.

Using NRCS data and our own estimates in the 2003, 1904, and 1905 program years, pork producers received only about 3 percent of EQIP cost-share assistance provided to all livestock producers, 43 million out of a total of 1.26 billion.

As reported in 2004, this is less than the share provided to goat, emu, ostrich, elk, and bison producers. This is a seriously disappointing result given all of our producers' hard work in the 2002 Farm Bill and with NRCS leadership in several states.

These numbers and percentages improve a little when you focus on some of the major swine-producing states, but not enough. For example, in the 2004 program year, in eight states that account for 80 percent of U.S. pork production, pork producers received approximately 5 percent of all EQIP cost-year assistance funds, and just 9 percent of the funds that went to livestock that year.

An improvement, yes, relative to the national figure of 3 percent, but this still strikes us as a significant underinvestment in the environmental practices of pork producers.

Indiana is probably the brightest spot we have seen so far. In 2004, a pork share was 22 percent, and in 2005 it appears to have been a very strong 37 percent. We looked closely at Indiana to see how this kind of performance can be achieved in other states.

NPPC has now undertaken in states with significant levels of hog production a detailed review of the EQIP program performance for pork producers. We will provide you with those results when that work is completed, but I can make some preliminary observations.

First, EQIP applications from pork producers appear not to be ranking well because producers have already invested in the core elements of sound manure management systems. We have engineered manure storage facilities in addition to manure management plants.

Second, EQIP cost-share assistance is not generally available for mobile equipment, yet one of pork producers greatest needs is for new, expanded, and more precise mobile manure utilization equipment.

Third, there is a lack of effect in economical air emission mitigation technologies and practices that EQIP program can support.

Fourth, EQIP funds allocated to counties for final application approvals often prove inadequate to cover more than one or two modest-sized EQIP contracts.

No. 5, NRCS major commitment to molding the use of Comprehensive Nutrient Management Plans, or "CNMPs," is not yet adequately reflected in the program in many states.

No. 6, insufficient EQIP funds have been made available to support farmers' use of technical service providers, "TSPs," to require CNMPs.

No. 7, there can be a long lag time between when decisions are made and policies change in a state NRCS office and when new policies are adopted in the field.

Last, NRCS field and area personnel often have insufficient understanding of todays' pork production to work effectively with pork producers or they simply lack the time to do so.

These observations are preliminary and far from conclusive, but they are based on pork producers' experiences. We will share with the Committee more detailed review of these issues to develop more concrete recommendations for program changes.

The National Pork Producers Council and its pork producer members want EQIP to succeed. It holds considerable promise, particularly as we move into a period where livestock producers may need help addressing air emissions that are regulated under the Clean Air Act, but I must be frank with you.

The many issues we have raised with you today weigh heavily on us and have discouraged our producer members from participating in the program. There is a general perception among producers that EQIP simply will not work for pork producers. We look forward to working with you during the upcoming 2007 Farm Bill discussions to make EQIP better address pork producers' concerns.

Thank you.

[The prepared statement of Mr. Spronk can be found on page 120 in the appendix.]

Chairman CHAMBLISS. Thank you. To each of you, thank you.

Senator Harkin, I know you have to leave us here shortly. I'm happy to turn to you for any comments or questions initially.

Mr. HARKIN. Well, I really appreciate that, Mr. Chairman. Thank you very much.

Just as kind of a general question from the previous panel that was here and some of the questions that were asked, there has been a lot of discussion about whether USDA has a larger number of separate conservation programs that may be necessary or practice to administer. We have heard that brought up.

Do you think it would be helpful to reassess the structure of these separate programs, that we have gotten to the point where the focus is too much on which program is applicable and less on directly solving the challenges of what needs to be done on the land?

Just go down the line, how do you feel about this? Are there too many of these separate programs? Should they be put an umbrella type of thing or not? just a general sense of how you feel about it.

Mr. KENNAMER. Well, Senator, I think in some of the cases, it was addressed in the earlier panel, the different programs that we have designed now to fit specific needs and what they do. I know there have been a lot of problems with coordination and interpretation. I think the important thing is maintaining what we have here, to better define what the rules would be, and then to make sure that we have adequate funding.

So, I guess in summary for me I don't see us combining a lot of those things. I think we just need to implement it and better do

what we have been doing all along, and I think we will get more money and more bang to the ground.

Mr. HARKIN. Fair enough.

Mr. Sims?

Mr. SIMS. Mr. Chairman and Senator Harkin, I certainly agree. We are very supportive of the conservation programs in the 1902 Farm Bill, but our membership has voiced some concern about, you know, the number of programs. Some of the producers down at the local level sometimes don't understand which program would work for them best, and they need some assistance with that.

We do believe and we have had some discussion that it could be grouped up, the programs could be grouped up, into three or four different categories: working lands programs, your incentive-based programs, your retirement programs, and then you have easement programs that fit in there as well.

I do think we have got a good conservation title right now, but we certainly could tweak it a little bit to make it just a little more user-friendly for our producers out on the ground.

Mr. HARKIN. Very good.

Mr. ANDREW. Senator Harkin, I think probably the number of programs make it easier to identify the one that applies to you. However, I think there is also consideration that we don't do a very good job of, No. 1, making them identifiable to the farmer producer; there is a lot of confusion.

Second, in a lot of situations, the ways the rules and regulations are administered from county to county and state to state, I heard more complaints in St. Louis at the National No-Till Conference.

Thankfully, they weren't coming from Iowans, but in other states where one fellow said, "I couldn't get the answer I wanted on CSP, so I went over to this guy I heard in another county that was the Conservation District commissioner and asked him and he gave me what I wanted, and then I went back and told the other guy you're supposed to do it this way."

There is a lot of confusion and that just creates a real problem to a producer who is trying to make the best use of his time, and I don't have time to hire somebody to go and chase all the details down for the program.

Mr. HARKIN. Very good.

Mr. Spronk?

Mr. SPRONK. I would echo previous comments here that it can be very confusing for producers out on the ground, you know, to identify the particular program that is necessary for them. I also, on the other hand, do believe that once you have a program set up such as the EQIP to improve it rather than changing it dramatically, because they have prior understanding. I try to work with what's there and improve it before we move on.

Mr. HARKIN. One last thing. I thank you all for your testimony, for being here this morning. One last thing, Mr. Andrew, on this problem that we are having with this transferability, this has come up a lot of times in terms of a tenant who is on and he gets a contract and he may lose his tenancy. I remember this very well. There was talk at the time, "What happens?"

"Well, in that case, he ought to be able to put that on something else or move it to something else, maybe land that he owns or

something. Maybe he has it on some tenancy land, but he could put it on land he owns or something like that."

From what you are telling me is that that's not happening.

Mr. ANDREW. As I understand it, Senator, the source that approached me indicated that this is resolved because of an I believe USDA Inspector General audit has determined that they have got to clean up the system and come up with something.

Well, in doing so we go from a very gentleman's agreement of if I do not get my lease renewed 2 years from now, I know that the person that does as long as he maintains the same farming procedures for that landowner will be able to keep the contract. It is being indicated that is not the case, and now it's going to be canceled and, as I indicated, in some cases even a fine issued, so it is an issue that needs to be looked into.

Mr. HARKIN. I think, Mr. Chairman, this is something that we really have to look into because this was brought up in the discussion on the farm bill about what happens in situations like that, and I thought it had been settled, but obviously it hasn't. I think we really need to take a look at that and why it's happening that way. I would be open for any suggestions you have. You have been all over the country and stuff, so how we fix it, let me know.

Mr. ANDREW. Senator, as you well know, we are facing an aging farm population that are in the landowner positions, and this is going to be a recurring problem. I would hope that we could come up with a fix that could be agreeable to all parties. I think most farmers are honorable people.

They are not intending to scam the government for up to $45,000. It will be a lot bigger figure than that. As such I think this could be worked out amongst honorable men and not take the approach that you are going to Leavenworth if you can't get your contract renewed.

Mr. HARKIN. Well, we've got to figure it out. Thank you very much, Mr. Andrew.

Thank you, Mr. Chairman, for allowing me to go first.

Chairman CHAMBLISS. Mr. Coleman.

Mr. COLEMAN. Thank you, Mr. Chairman. Just on a personal note, it is great to have Mr. Spronk here, a familiar face from Southwest Minnesota. I would note for the members of the committee, read his entire testimony.

Mr. Spronk, you've chosen to focus in the short time you had on EQIP, but there is I think an important kind of statement being made in the early part of your written testimony talking about the commitment of our pork producers to the environment, to water quality.

You also then briefly touch upon, although I'm not going to discuss it here today, but the issue of energy and the possibility of hog manure replacing commercial fertilizer at some point in time. I do hope my colleagues take the time to read the full extent of your testimony. I think it's important.

Let me just direct first a question to you and then to the panel. You've laid out seven or eight specific concerns about EQIP. If we were to focus even more, I mean, what do Minnesota pork producers need most from EQIP right at this time? What is it, if you

say "A" and "B," what do you need most right now, that you would want folks to focus on?

Mr. SPRONK. You know, as we look at funding, funding the EQIP program, it needs to be utilized so that we can comply with Federal regulations, the Clean Air Act and the Clean Water Act. As I look at the Clean Water Act, the best thing you can do for us as producers is to allow us to utilize more acres to apply the manure on. To me that is the best and highest use of manure.

Because when I use that sustainable resource as my fertilizer source for my next corn crop, it is replacing a natural gas option, you know, that probably is going to be imported from some other country, and so it is a very sustainable, long-term highest best use for the nutrients that's utilized. Anything that you can do to make that manure more mobile to spread it out over more acres is the highest and best use in my mind.

Second, as we look to the Clean Air Act, Pork Producers are spending $7 million of their own funds, checkoff funds, on a study, a national air emissions study. We don't know. You know, we want to be able to have technologies in a toolbox available, as Chief Knight said earlier, on air emissions, you know, whether or not we need to mitigate. We want to have that ready for them when they come to be able to utilize these programs to help producers to meet those clean air requirements.

Mr. COLEMAN. I noticed Mr. Andrew and Mr. Sim kind of nodding their heads when you talked about manure more mobile. Would you want to either respond or do you agree with Mr. Spronk? Do you have any of the concerns he raised?

Mr. ANDREW. Senator Coleman, to your first question on EQIP, I would say that I know in Iowa right now there are 1,500 contracts in EQIP last year and there are 1,500 awaiting funding. As usual, it's always a money question.

Second, we have some real concerns in the manure management area as far as the science-based application of manure. Pork production in the state of Iowa is as vital to our state as it is to Minnesota, and yet we have differing people saying different things. We very much put our money behind science-based research, which the Iowa Soybean Association has been trying to do. Yet, we find we are running against some real impacts in state DNR changing the rules.

Mr. COLEMAN. Mr. Sims?

Mr. SIMS. Senator, I certainly agree and there has been a lot of conversation this morning about energy and whether we need an energy title within the conservation—the farm bill. Excuse me.

I think energy needs to be incorporated into the conservation title of the farm bill, just as the gentleman spoke of using manure for fertilizer to keep from having to purchase commercial fertilizers. I think that's a wonderful thing.

I do see in the EQIP program and with a lot of the programs is the shortage of technical assistance to have the right people out there to work with the producers to understand the benefits and how to go about using manure for fertilizer application to reduce their commercial fertilizer costs, and so I think education is quite important and those all can be components of technical assistance in the EQIP program.

Mr. COLEMAN. I don't know, Mr. Kennamer, if you want to add to it, but I do have to say we have got some pretty, you know, strong wild turkey habitat in South Minnesota.

Mr. KENNAMER. A lot of turkeys.

[Laughter.]

Mr. COLEMAN. We greatly appreciate the work that you do and your organization does. It's very, very important to Minnesota.

If I can add a macro question here, the Chairman and I we are involved in trade issues and are concerned about WTO. One of the issues that is coming up now is, you know, what we can do with what we call Green Box programs with the WTO, and here is my concern.

I'm just looking for a little help on this. I haven't fleshed this out totally. They are concerned that, you know, for WTO purposes, concerned about not paying producers, what is it, an amount more than what they would be paid to implement conservation practices; those have been raised.

The question is, on the one hand, there are some who are saying that we should be looking at our conservation programs as ways of dealing with some of the opportunities that we provide to farmers, kind of combining commodity and conservation. On the other hand, the concern is if, in fact, we run into WTO problems as a result of doing that, is that going to kind of undermine our conservation efforts?

I guess the question is: Is there much point in blending conservation and commodity programs if in the end we make those conservation programs trade distorting under WTO? Does anybody want to help me with that? We are trying to sort our where we are going. I think this issue is going to be in front of us as we look at the next farm bill. Does anybody want to——

Mr. ANDREW. Senator Coleman, I think you are probably on the right track here; although, I am not so concerned. All of the explanations I have received over the years on WTO and the DOHA round would indicate that we would be very much in Green Box with the conservation payments.

It's whether we can get them up to the level to displace the present LDP's countercyclical payments and everything that's presently under the Farm Service Agency. But I guess I've also seen a great deal of concern that as we hear the DOHA round is dragging along, it's not going to happen, that we don't need to address these issues and transfer any of this into conservation green payments because we are probably not going to see DOHA come about.

Well, we still have the case of the trade disputes facing us such as the Brazil cotton, and there are other issues with other commodities that are just waiting to be filed in courtrooms, if we do not solve the DOHA round. I think we have some concerns that we have got to orient toward the green conservation area.

Mr. COLEMAN. Does anybody else want to provide any insight on that?

Mr. Sims.

Mr. SIMS. Senator, I'm probably the least qualified to speak to the World Trade Organization negotiations that are going on, but it seems like what's good for the WTO it would limit production in

the United States, and I struggle with that severely. I do believe that it's wise that we keep our working lens in production.

I think we stay focused on that as we move forward to draft the 2007 Farm Bill and not get too hung up on where the WTO is at, at this point because it appears that they are struggling severely to come to agreement. I think we need to stay focused on what is good for America.

Mr. COLEMAN. I appreciate that. I would appreciate you gentlemen continuing to be part of the discussion as we look at the next farm bill and as we look at how we continue to benefit from our conservation program. Thank you and thank you for your testimony.

Thank you, Mr. Chairman.

Chairman CHAMBLISS. Thank you, Senator, as always.

I will say gentlemen we are hopeful, as Senator Harkin said earlier, that we are going to have some resolution within the WTO, but we can't unilaterally disarm and we're not going to let the WTO write our farm bill. We've got to strengthen every single title in that farm bill as well as expand our energy title, and that is certainly our goal and what we hope to do. I am a lot more concerned the farmers in Paris, Texas, than I am farmers in Paris, France, I assure you.

Mr. KENNAMER. Very good.

Chairman CHAMBLISS. Gentlemen, looking back at the 2002 Farm Bill, do any of you have a red flag out there relative to any conservation program that you have participated in, or that you have seen or know about that is not working? Is there anything that we did in 2002 that we ought to think about basically totally restructuring or eliminating from a conservation standpoint? Does anybody have a response to that?

Mr. SIMS. Mr. Chairman?

Chairman CHAMBLISS. Yes, sir?

Mr. SIMS. I do have a couple of thoughts or at least a program I felt was overlooked specifically in the funding area, and that was the Watershed Rehab Program in the farm bill. There are a tremendous number of facilities that were built over the last several years to help with flood mitigation that are in disrepair, and there has not been funding made available for those rehab projects, and think that's something that we seriously need to look at.

Mr. KENNAMER. Senator, I would like to make a comment as it relates to that, too. I don't think in looking at the plan and the way it was put together it's necessarily red flags. I don't think we took advantage of a lot of opportunities, and maybe doing TSP and some of the others has gotten so cumbersome that we need to refine some of that so that NGO's, like my organization, can come in and help implement some of the things that have been part of the plan.

I think fine tuning some of this and bringing more involvements, you will bring more dollars to the table. I mentioned the $224 million that we have done with private and state and Federal funds with all of our partners, if one dollar came from our organization, it could match with the other dollars of that included within the $224 million.

We deal with landowners and farmers. I grew up with a farm background. I've been working with farmers for 35 years imple-

menting wildlife, and I don't think we've taken advantage of that outside source. It could fit into what we've got now. From a red flag standpoint, we can do a better job tweaking what we've got.

Chairman CHAMBLISS. Senator, you raised a good point. We've got a lot of matching grant type programs. I'm not sure if what you're saying is that there have been programs that you have taken advantage of that have been matching per regulation or whether it is just money that you put in to supplement programs, but I assume it's the later; is that correct?

Mr. KENNAMER. We have done all of the above. A lot of what we try to do is to tell the landowners these different parts of the conservation programs of the 2002 Farm Bill how they can better utilize those, because we are already working with them on a lot of management not only for turkeys but for other wildlife as well. What you just mentioned, we have funding sources from a lot of different sides of things and we are working with landowners to implement that.

Chairman CHAMBLISS. Mr. Andrew, one problem that we have encountered with CSP is I'm not sure we did a very good job of educating farmers around the country of really what the program is and how you can take advantage of it. I notice you said you did not participate in the program until 2005.

Mr. ANDREW. No, sir. Chairman, I was watching your program while it was being formed in the womb, and I waited until 2005 when the Raccoon River Watershed was accepted. That as the first opportunity I had to apply.

Chairman CHAMBLISS. OK. Have you experienced a similar reaction from farmers as you have been around the country from an education standpoint on what they can or might be able to take advantage of there?

Mr. ANDREW. Very much so, sir. Again, the National No-Till Conference in Saint Louis last January, we had farmers from all over the United States. We had a room, and it was the most heavily attended area, for a breakout session on CSP. It was like a cacophony of voices.

You had so many interpretations and rules and different states and almost downright arguments over, "No, it's this way. No, it's that." For farmers, we are kind of used to pretty much across the board programs.

I guess between that and the speediness with which things are done, I'm always intrigued with the fatback and the pick program days of the Reagan years. We could seed down thousands of acres over night, get paid and make more money than we ever made in our life.

Yet, along comes CSP, and I recognize it's a new Federal program, but the delay factor and the drag of developing it and implementing it and getting the correct information to the country, a man could grow cobwebs out in the country waiting for it.

We farmers, we are pretty high-geared. We get right in the field and we live on kind of an annual system of life, from sowing the crop to harvesting it and starting over again. It is very hard to accept something that drags on for a couple of years, and when you finally get it then it's changing every year, depending on funding levels or whatever.

Chairman CHAMBLISS. Mr. Kennamer, I'm intrigued by your idea of giving a higher Environmental Benefits Index score for landowners who are willing to open their CRP acres to public hunting. You also suggest that two properties rank equally, the landowner willing to open their land to public access or use should have preference for funding eligibility. Would you comment on that proposal in a little more detail, please?

Mr. KENNAMER. Well, I think a good example, Senator, is that conservation impacts a lot of local communities. When people come to hunt and if you look like, taking Kansas, for example, in the Midwest, they have over $1 million acres of land that landowners have leased to the state for public hunting. We are obviously concerned about public hunting.

A hundred and eighty-six thousand bird hunters will generate about $121 million in that particular economy of Kansas. Fifty percent of that land is in CRP, and so the communities that are going to benefit from a lot of that and a lot of species like the Lesser Prairie-Chicken and others would be able to benefit.

I guess the point I want to make is that whatever program we do that is going to help these landowners to be able to provide wildlife and have good, good incentives to do that is going to be good for the local community and ultimately for us.

Chairman CHAMBLISS. Mr. Sims, generally NACD supports a greater balance among the conservation programs. How would you better balance them besides providing more funding? Do you support reducing the acreage gap for CRP? What do you think would be a good balance?

Mr. SIMS. A good balance needs to be determined, in my opinion, Mr. Chairman, based on the needs out there at the ground level. I apologize if I start to stray from your questions just a little bit, but I want to put a tremendous amount of emphasis on the local workgroups and how they determine the priorities for the utilization of our conservation programs. I think that's absolutely paramount. As far as the cap on CRP, you know, there is a great debate across the country about CRP right now.

I guess the position that we have at this point as our organization works the issue is that we are very, very supportive of CRP and the work that it has done to address those sensitive plans and feel in the future that it needs to stay focused on those highly erodible lands. Perhaps, there are some areas that we can do some adjustment on in that particular program right there.

Chairman CHAMBLISS. Mr. Andrew, Federal funding of course is not limitless. While I expect Congress will continue to increase its support for conservation over time, I do not expect big increases in spending in the near future because of the budget constraints that we are likely to have in the next farm bill.

This means we need to find other ways to meet our conservation goals. Are you and the Iowa Soybean Association looking for other ways to get more bang for our buck out of our conservation programs? Do you have any thoughts you might give us on that?

Mr. ANDREW. Yes, sir, our Soybean Association has been the recipient of several funds from Congress for nitrogen research on farm, whole farm research projects. That has done more, kind of the old Missouri "show me" attitude, to change the minds of farm-

ers than all of—I shouldn't say all—but a lot of the research that comes out printed from Iowa State University.

If a farmer can see based on what his neighbor does or what he himself does in a participation project on 40 acres or so of his own land, it will go a long way. The example being years ago I used to put 180 pounds of anhydrous ammonia on to grow an acre of corn.

Based on research that I've done with Iowa State University in nitrogen strip plots, I now use 100 pounds, and that's a considerable lessening. It makes me feel good that I'm not contributing to the hypoxia zone, and it also improves the groundwater in downtown Des Moines, Iowa, as they drink out of the Raccoon River.

It saves me, particularly this year when nitrogen prices went to $485 a ton, it has just saved me a lot of money in producing corn. Similarly, being a no-till user my fuel costs are about a third to a half at the most of what the conventional tillage guys are. When I go to a meeting and I hear them crying about high-priced diesel fuel and high-priced gas, I say, "You ought to take a look at this."

Well, this spring I've witnessed more neighbors no tilling their ground than I've ever seen in the past. When I ask them, they say, "We finally got smart and followed you, and we're going to do it your way because we save so much, versus the old way."

Chairman CHAMBLISS. That's interesting. You know, farmers continue to be creative and innovative. That's the only way you can survive, so it's good advice you gave your neighbors, and I'm glad they heeded you.

How would you have implemented CSP, given the limited funds and other restrictions placed on the program since 2002, if you could jump into the shoes of the folks at NRCS and make a decision on how it should have been implemented?

Mr. ANDREW. That's a very difficult question, and it's one that I have stewed with and stayed up a lot of nights. I don't know, I guess I've always kind of had the standard response, that's above my pay grade.

[Laughter.]

Mr. ANDREW. Mr. Chairman, I don't know. I guess I would really have to devote a lot more time thinking, and I don't have a grasp. In preparing my talks, I would flash up a slide of the whole continental United States and protectorates. I never realized there was CSP in Guam and Puerto Rico.

I would like to see CSP put out for me, an old Midwest farm boy, what the hell does CSP amount to in Guam. Are we protecting volcanoes or forest jungles or what? Because we've got to realize that we have so much great differences in topography across this country.

It is very difficult for my mind-set that's been farming that same piece of land for 34 years to put myself in the shoes of that producer in Guam or Alaska or Florida or wherever, and so I would have some real difficulties answering your question, sir. I admit it's beyond my pay grade.

Chairman CHAMBLISS. Mr. Spronk, I appreciate and respect the effort pork producers have put into making EQIP work better for pork producers. Your testimony mentions several items that could have improved EQIP's effectiveness. What do you think is the most needed change in the direction of EQIP?

Mr. SPRONK. I guess I would refer to Mr. Sims as he had testimony on the technical service provider part of it. There are some things in Comprehensive Nutrient Management Plans that we as pork producers could use where we need to develop mass balance for the farm. All the nutrients on the farm and where they are ending up, you know, that is a program that I would wholeheartedly support more increased funding for in the TSP program.

I think it was pretty well as I stated earlier to Senator Coleman's question, you know, we need these regulations to help, in order to comply with the Clean Water Act and the Clean Air Act.

You know, if we can any time for the Clean Water Act, any time that we can use mobile equipment to actually take those nutrients and spread them over more acres, it's appropriate, in addition to anything we can do as we need to come into compliance with the Clean Air Act, anything that we can help with mitigation and to create that toolbox for producers, to help with whether it be a particulate matter or ammonia emissions or hydrogen sulfide emissions.

Chairman CHAMBLISS. Is there an anti-pork bias in RCS?

Mr. SPRONK. I don't know that I would go that far. I think it's just very difficult for the local providers to take the programs and apply them to pork. As I stated earlier, some of the times we are biased. I've got facilities that they are engineered cement containment pits with roofs on them.

It doesn't go anywhere unless I put it there, and so the only thing where I'm vulnerable is during my manure application. I've got a manure management plan, but that doesn't mean we can't improve on what we're doing. So to a certain extent of it, we have already set the bar high; in order to go higher, we need some additional help.

Chairman CHAMBLISS. Well, the only reason I asked that is because the previous conversation here this morning about it seems like the beef producers are taking more advantage of EQIP, obviously, and maybe we have done some things to design it to favor beef over pork. We need to make sure that we are treating everybody equitably.

We in the Southeast have started utilizing EQIP more with our chicken production facilities, and we want to make sure that we are treating everybody fairly with all of these programs.

Norm, do you have anything else?

Mr. COLEMAN. I don't have anything else.

Chairman CHAMBLISS. Well, gentlemen, thank you very much. There may be some questions to be submitted by our other members who could not be here today. I will say that to both panels. We will leave the record open for 24 hours. Anybody who wishes to submit additional questions, we will get them to you, and I would ask that you promptly respond to them. Staff tells me we are doing 5 days instead of 24 hours.

[Laughter.]

Chairman CHAMBLISS. We will get over the next few days any questions that may be forthcoming. Thank you all very much. This has been a very informative hearing.

We stand adjourned.

[Whereupon, at 11:48 a.m., Wednesday, June 7, 2006, the hearing was adjourned.]

APPENDIX

JUNE 7, 2006

Opening Statement on Conservation Oversight
Senator Tom Harkin
June 7, 2006

Mr. Chairman, I want to thank you for holding this hearing today on agriculture conservation programs. As chair of this committee while we wrote the 2002 farm bill, I worked with President Bush and with you, Mr. Chairman, on the House side to greatly expand programs for conservation, particularly on working lands. We all have reason to be proud of the bill we wrote then.

I'm particularly pleased to have James Andrew of Jefferson, Iowa on the panel. As a committed steward of his land, Mr. Andrew has been a leader in agricultural conservation. Mr. Andrew has spoken to groups including the USDA's farm policy forum about his experience with the Conservation Security Program.

Mr. Chairman, the long term goal for agricultural conservation needs to be an integrated set of voluntary conservation tools – land retirement, cost-share, incentives for stewardship and better practices – that allow producers to

maximize their environmental performance on every acre, while they maximize their productivity and profitability. The commodity programs have always paid producers for what they grow and how much. With the WTO and increasing trade pressure for farmers to receive "green payments," we need to pay farmers for how they grow. That means we need to compensate producers when they sacrifice productivity in favor of conservation, by, for instance, cutting hay later in the season to prevent harm to nesting birds. And we need to be equitable, allowing producers that have voluntarily taken steps toward better stewardship to receive stewardship and maintenance payments, just as those who needed incentives and resources to adopt the same practices.

Most of conservation spending in earlier years was for land retirement through the Conservation Reserve Program – a vitally important program that provides critical protection to highly erodable land, and has been vital in protecting important wildlife habitat, such as the prairie pothole region. But land retirement is only part of the answer to the conservation question. The most

important change in the last farm bill was the increasing emphasis on conservation on working land. The greatest opportunity for conservation gain is on land that is producing America's food, fiber, and increasingly, our renewable energy. But since 2002, caps on the Environmental Quality Incentives Program (EQIP) and draconian caps on the Conservation Security Program (CSP) have prevented these programs from having the broad impact they were intended to have.

The CSP was conceived as a broad program, open to all agriculture producers, to reward and incentivize good conservation practices on working land. The program was intended to be open to producers at all levels of conservation achievement, nationwide, and recognizing the diverse conservation practices in different regions and crops. Unfortunately, that vision was not implemented.

Congress has put significant caps on CSP funding, year by year, culminating in a cap included in the budget reconciliation bill so tight that the program may no longer have capacity to sign up

new watersheds after 2007. USDA's implementation has resulted in the vast majority of agricultural producers not having had even a single opportunity to sign up for this program. There has been a concerted effort to stifle this program as an effective force to reward and encourage agricultural conservation. Of 2264 total watersheds in the US, only 298 – a little more than 13% -- have even had CSP offered in the three years the program has been in operation.

I agree with Chief Knight, who has said that "the Conservation Security Program is the future." Much of the difficulty the program faces has been caused by the severe spending caps, and while I disagree with many of the NRCS's decisions in implementing the program, I give the agency credit for correcting some of their earlier missteps by making the program work better for farmers and ranchers. But we must do more to ensure that this innovative program achieves its potential.

Mr. President, agricultural conservation holds the promise of better stewardship of our agricultural land, and cleaner water and

air and more wildlife for everyone. I look forward to hearing from our witnesses today, and thank you again for holding this hearing.

Statement of Senator Patrick Leahy
At the Senate Agriculture Committee Oversight Hearing
On Conservation Programs

June 7, 2006

I want to thank the Chairman for holding this important hearing on the conservation title of the 2002 Farm Bill. I look forward to working with the Chairman and all the other members as we prepare for the next farm bill. I also want to thank Chief Knight and Deputy Administrator Johnson for coming here to report on the progress that has been made in implementing the conservation title of the 2002 Farm Bill.

The 2002 Farm Bill included a historic commitment of new funding for national conservation assistance for working farms and forests -- funds to protect open space, fertile soils, wildlife habitat, and water and air quality. In general these programs and the additional needed funding have proven a tremendous success – yet there are still more producers wanting to participate than funding available. While there are certainly some amendments that will be required, I believe our biggest challenge in the 2007 Farm Bill will finding additional funds to continue to grow these successful working lands conservation programs.

One of the most important additions to this Farm Bill was the regional equity requirement -- a provision I was proud to author. It requires Vermont and other states who traditionally were not well-served by USDA programs to be given first priority to receive at least $12 million in working lands conservation assistance each year. For the last two years USDA has complied with the law in the case of Vermont; however I am concerned that the initial program allocations for Fiscal Year 2006 total less than $12 million. As you have in the past with both the Agriculture Management Assistance program and the Environmental Quality Incentives Program, I urge you to consider additional allocations to States that have not yet received their regional equity allocation.

The Farm Bill also included other historic funding increases for important working lands conservation programs. The Farm and Ranchland Protection Program (FRPP), a program I authored in the 1996 Farm Bill, was to be funded at almost $1 billion over the next 10 years. The Environmental Quality Incentives Program (EQIP), increased from $200 million a year to more than $9 billion over 10 years, and the Wildlife Habitat Incentive Program, increased from $50 million a year to $700 million over 10 years.

There were other bright spots in the 2002 Farm Bill. Funding for the Agriculture Management Assistance (AMA) program was doubled. AMA is a program that provides flexible conservation and risk management assistance to Vermont and 14 other states that are not served by crop insurance. As you know Chief Knight AMA is an important program in Vermont, thus I would like to thank you for the much needed additional allocation this year.

However, I have been concerned with several actions the Administration has taken during implementation of these conservation programs.

First the President continues to advocate cutting funding for many of these important programs on a yearly basis. In this year alone, the President's budget seeks to cut EQIP by $27 million, AMA by $20 million and FRPP by $47 million. I have to question why the Department would choose make these cut. Even with the additional funding in the 2002 Farm Bill the current EQIP backlog in Vermont is approximately $7 million. It is short-sighted to hamstring these programs when the need to so clear.

Second during the first two years of the 2002 Farm Bill the Department's implementation of conservation technical assistance was a disaster. The Administration's policy of diverting funds from four working lands conservation programs to pay for the costs of implementing land retirement programs, such as the Conservation Reserve and the Wetlands Reserve Programs, was appropriately reversed by Congress. I was happy to work with then Chairman Chambliss and Senator Harkin to halt that practice.

Finally there is a great deal of concern about proposed changes to the Farm and Ranchland Protection Program in Vermont and several other states. As you know FRPP was developed in Vermont – largely based the successful Farm for the Future program. Unlike traditional easement programs, FRPP partners the States and the private sector to conserve working farm and ranchland. The regulatory changes USDA is currently proposing could have a chilling effect on these partnerships and cause producers to rethink their participation. Introducing bureaucratic red tape, such as USDA co-holding easements, USDA Office of General Counsel review of every easement amendment and redundant appraisal requirements are unwarranted. FRPP has been a successful program for well over a decade, I urge the Department to proceed cautiously before instituting new rules that will make the program unworkable for the majority of States.

We have come a long way with the passage of the 2002 Farm Bill. The historic funding has begun to make a real difference in rural America. I look forward to reading your testimony as we begin to reauthorize these programs.

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Statement of Senator Blanche Lincoln
before the Senate Agriculture Committee Hearing

"Overview of the Conservation Provisions of the 2002 Farm Bill"

June 7, 2006

- Thank you, Mr. Chairman.
- This very worthwhile hearing focuses on the implementation of the conservation provisions of the 2002 Farm bill.
- A bill that I worked hard on and supported because of its importance to my state's rural economy and way of life.
- Indeed, the most notable part of this legislation was its historic increase in conservation.
- As a member of a seventh generation farm family that enjoys hunting, fishing and other outdoor activities, I know well the importance of conservation programs.
- And so do the agriculture producers in my state of Arkansas.
- Conservation programs are not only an environmentally sound practice, but produce a wide range of economic benefits.
- Environmentally, conservation programs safeguard millions of acres of American topsoil from erosion while improving air quality, increasing wildlife habitat, and protecting ground and surface water quality by reducing water runoff and sedimentation.
- Economically, the benefits are also immeasurable. These programs not only increase net farm income they preserve soil productivity, improve surface water quality, reduce damage from windblown dust, and increase uses of wildlife.
- These dual benefits are critical to the long-term sustainability of American agriculture and provide the much needed bridge between an adequate farm safety-net and resources necessary to conserve our land.

- I thank the witnesses for appearing here today and look forward to their testimonies.
- I also have some specific questions to ask of them at the appropriate time.
- Thank you, Mr. Chairman.

Senator Ken Salazar
Agriculture Committee Hearing: Conservation Programs
June 7, 2006
Statement

Mr. Chairman and Ranking Member, thank you for holding this hearing on rural conservation programs. These programs are vital for the long term viability and survivability of rural America, and I thank you for your continuing recognition of their importance to our farmers and ranchers. To the witnesses, I thank you for taking the time to appear before us, and look forward to hearing your thoughts on the matter at hand.

The 2002 farm bill was the "greenest" farm bill ever passed by Congress. I commend my colleagues on their foresight on this issue, and I hope that as we start considering ideas and programs for the next farm bill that we continue this trend. As you all know, the hardworking farmers and ranchers of rural America are the stewards of the heartland. They, more than anyone else, realize the importance of keeping the land strong for future generations. Farmland and habitat conservation programs have been an essential part of this stewardship, allowing rural America to build sustainable businesses while looking after the land. It is essential that we support them in this endeavor.

Mr. Chairman, the breadth of conservation programs authorized by the farm bill recognizes the diversity of the American landscape. Conservation programs that fit Colorado may not be as applicable in Georgia, or Idaho. I think we are on the right track with the array of conservation programs we have at present, and I look forward to improving on them to make sure farmers and ranchers countrywide have the tools they need to care for the land.

In this committee, we are entrusted with the oversight of these essential conservation programs. It is, therefore, our responsibility to make sure these programs are implemented in the most judicious way possible. I look forward to hearing from both the Administration and producers on which programs are working and which programs are not. As we look forward to the farm bill on the horizon it is essential that we visit and study each one of the myriad of conservation programs, to ensure that the limited funds we have available are used in the best possible manner.

Due to the diversity of Colorado's geography and land use, it is not surprising that my constituents use a substantial number of these conservation programs. CRP and EQUIP are some of the most popular. In fact, in Colorado, more than 2 million acres are enrolled in CRP and more than $41 million in EQIP funds were used in Colorado in 2006 alone.

To those of us who are dedicated to protecting the land of rural America for future generations this hearing is of special significance. I, once again, would like to thank Chairman Chambliss and Ranking Member Harkin for their leadership on this issue, and I look forward to the testimony of the witnesses.

STATEMENT OF BRUCE I. KNIGHT, CHIEF
NATURAL RESOURCES CONSERVATION SERVICE
U.S. DEPARTMENT OF AGRICULTURE
BEFORE THE

SENATE AGRICULTURE, NUTRITION AND FORESTRY COMMITTEE

June 7, 2006

Mr. Chairman and Members of the Committee, thank you for the opportunity to appear here today to discuss the conservation programs included in Title II of the Farm Security and Rural Investment Act of 2002 (2002 Farm Bill). Four years ago, on May 13, 2002, President Bush signed the Farm Bill into law and stated that, *"For farmers and ranchers, for people who make a living on the land, every day is Earth Day. There are no better stewards of the land than people who rely on the productivity of the land. And we can work with our farmers and ranchers to help improve the environment."* The 2002 Farm Bill represented an increased commitment of more than $17 billion in funding over 10 years for conservation. The 2002 Farm Bill is the single most emphatic statement by the members of Congress and this Subcommittee about the importance of conservation on working agricultural lands in America. Today, I am pleased to provide an update on the conservation investment you made for America's farm and ranch families.

Over the past 4 years, we have made substantial improvements on a broad range of emerging conservation challenges faced by farmers and ranchers, including soil erosion, wetlands conservation, wildlife habitat improvement, and farm and ranchland protection. The 2002 Farm Bill places a strong emphasis on the conservation of working lands – ensuring that lands remain both healthy and productive. Private landowners have benefited from a portfolio of voluntary assistance, including cost-share, land rental, incentive payments, and technical assistance. The public has also benefited from improvements in water quality and increases in water quantity, declines in soil erosion, improvements in air quality, and expansions of wildlife habitat.

Mr. Chairman, I want to commend you for holding this hearing today. The Natural Resources Conservation Service (NRCS) is eager to share with you what we have accomplished, together with conservation partners and landowners, with the programs and funds entrusted to NRCS under the 2002 Farm Bill. Even as we work with landowners on stewardship issues, we are looking forward to talking about our own stewardship of the responsibilities and resources you have given us.

NRCS' mission is "helping people help the land," and I am delighted to have this opportunity to tell you about our work in detail. After we have looked at our accomplishments in conservation, I want to discuss our vision for the future: productive lands and a healthy environment. Then, I will focus on our Strategic Plan for achieving those goals.

Investment Overview

Working lands conservation programs are unique among agricultural programs in that they are specifically designed to produce a double benefit. First, farmers or ranchers who install conservation practices improve their land and enhance their natural resources. Second, the public also receives many benefits: a cleaner environment, increased biological diversity and a scenic landscape, to name just a few.

Since 2002, NRCS has provided assistance to one million farmers and ranchers. Together, we have applied conservation on more than 130 million acres of working farm and ranchland. We have also invested $6.6 billion of the taxpayers' funds directly with farmers and ranchers to produce environmental improvements that will benefit us all. In addition, since enactment of the 2002 Farm Bill, our conservation partner organizations (local Soil and Water Conservation Districts, Resource Conservation and Development Councils, State and local governments and other conservation organizations) have contributed over $2.8 billion to conservation programs, making the total investment under the 2002 Farm Bill through last year more than $9.4 billion.

New Programs, New Rules

Mr. Chairman, the 2002 Farm Bill brought new programs and new challenges. The Agency has moved aggressively forward to publish program rules, complete companion policy guidance documents, develop program manuals, train and update our workforce and partners on the changes contained within the legislation, and deliver the programs to America's farmers and ranchers in a timely and efficient manner. We met the statutory deadlines for 98 percent of our rules.

To date, NRCS has published completed rules for our major programs, including:

Program or Topic	Kind of Rule	Publication Status
Grasslands Reserve Program	Final Rule	Final Rule published March 6, 2006
Conservation Security Program	Amendment to Interim Final Rule	Amendment to Interim Final Rule published March 25, 2005
Conservation Security Program	Interim Final Rule	Final Rule published June 21, 2004
Emergency Watershed Protection Program	Final Rule	Final Rule published April 4, 2005
Equitable Relief	Final Rule	Final Rule published Sept 22, 2004
Conservation Innovation Grants	Interim Final Rule	Interim Final Rule published March 29, 2004
Farm and Ranch Lands Protection Program	Final Rule	Final Rule published May 16, 2003
Environmental Quality	Final Rule	Final Rule published May 30, 2003

Incentives Program		
Adjusted Gross Income	Final Rule	Final Rule published June 4, 2003
Private Grazing Lands	Final	Final Rule published November 12, 2002
Wildlife Habitat Incentives Program	Final Rule	Final Rule published July 24, 2002
Wetlands Reserve Program	Final Rule	Final Rule published June 7, 2002
Appeals Rule	Interim Final Rule	Final Rule published May 16, 2006
Healthy Forests Reserve Program	Interim Final Rule	Interim Final Rule published May 18, 2006

NRCS also has a rule on Confidentiality in clearance, and has issued a number of Requests for Proposals in 2006:

Program or Topic Requests for Proposals (RFP)	**Publication Status**
Farm and Ranch Lands Protection Program RFP	RFP posted to Grants.gov on 3/28/06. Submittals due 5/12/06; Awards pending
Conservation Innovation Grants RFP	RFP posted to Grants.gov on 1/5/06. Submittals due 3/20/06; Awards pending
Cooperative Conservation Partnership Initiative Grants RFP	RFP posted to Grants.gov on 1/6/06. Submittals due 4/7/06; Awards pending
Rapid Watershed Assessment Grants RFP	RFP posted to Grants.gov on 1/17/06. Submittals due 3/17/06; Awards pending
Wetlands Reserve Enhancement Program Grants	RFP posted to Grants.gov on 1/27/06. Submittals due 4/10/06; Awards were issued on 5/1/06.
Grazing Land Conservation Initiative Grants	RFP posted to Grants.gov on 1/17/06. Submittals due 4/3/06; Awards pending

Completing these rules and Requests for Proposals was an important step in making the 2002 Farm Bill programs accessible and available to America's private landowners and other partners.

Fiscal Year (FY) 2002 to FY 2005 Accomplishments

The past 4 years have been a productive time for NRCS, our partners, and landowners across America. In FY 2005 alone, we assisted landowners in establishing conservation systems on over 36 million acres of cropland and grazing land, and applying over 4,500 Comprehensive Nutrient Management Plans (CNMPs). This brings the total CNMPs applied with NRCS support, since 2002, to more than 14,000. In addition, since the 2002 Farm Bill, NRCS and our partners have:

- Conducted a comprehensive study of technical assistance, reaffirming the intrinsic value of scientifically-based tools and activities, including developing conservation plans and encouraging a knowledge-based approach to conservation.
- Established, then expanded nationwide, the Conservation Security Program (CSP) to recognize outstanding land stewards and encourage them to do more.
- Launched the Web Soil Survey to make soils data available "24/7" over the Internet.
- Worked with more than 2,500 Technical Service Providers, obligating $163.5 million from 2003 through 2006, providing the equivalent of 520 staff years through private and non-Federal governmental organizations to attain additional conservation achievements.

NRCS has also been able to focus more dollars on conservation by improving management through a number of strategies and internal changes. We have increased efficiency and effectiveness by:

- Streamlining the contracting and payment processes for the Environmental Quality Incentives Program (EQIP).
- Reducing required paperwork for customers through a common computer system in USDA Service Centers.
- Implementing national priorities across programs and increasing transparency for our customers.
- Establishing a single, centralized Web authentication service.
- Restructuring our program offices to manage cost-share programs in one unit and easement programs in another.
- Expanding outreach and modifying program rules to better reach underserved farmers and ranchers—including tribes, beginning and limited resource farmers, and others who have not traditionally participated in conservation programs.
- Developing software tools to provide natural resource information and make map development easy, including an automated conservation planning (Toolkit), and track conservation program applications and contracts (ProTracts).
- Nearing completion of work on an automated application evaluation and ranking tool for cost-share programs.
- Establishing a process for rapid watershed assessment to provide initial estimates of where conservation investments can best address resource concerns.
- Creating a transparent allocations process using resource base and resource concern factors to allocate funds to States.
- Instituting programmatic reforms such as a pilot sign-up process for conservation planning assistance, and establishing common easement provisions, where possible.
- Developing a forward-reaching human capital strategic plan to ensure that NRCS remains efficient in delivering its programs to farmers, ranchers, and other stakeholders.

We are particularly proud of the management improvements we have made and the difference these changes are making—both for our employees, and farmers and ranchers.

Access and Accountability

At NRCS, one of our core principles is transparency. We want our customers, our partners—and the Congress—to understand exactly what we are doing and why. To be more accountable and accessible, we have turned to the Internet to both provide conservation data and to make our internal processes more easily understood. We have taken steps to make items such as our program allocation, participation, and performance data much clearer to the general public.

All of this information can be found on our Web site. We have worked to foster healthy competition and reward performance, both in our internal functions and also in contracting and cooperative agreements with organizations and agencies. Whatever we do, our goal is always to provide the best and most efficient service to producers at the local level and to make NRCS more farmer-friendly and accessible.

Technology Advances

One of the core themes that I have stressed to our Agency is the need to be lean and local. Throughout the implementation of the Farm Bill, we have worked hard to provide as much decision-making flexibility to the local level as possible. In addition, we have developed streamlined business processes to improve use of valuable staff resources. The 2002 Farm Bill posed many implementation challenges and required our Agency to work more efficiently, and I believe we have been successful in meeting these challenges.

One of the most important investments we can make today in improved efficiency is developing new and improved technical tools for use by our staff, Technical Service Providers, our partners, and the general public. In concert with the rollout of the 2002 Farm Bill, we launched the Electronic Field Office Technical Guide (eFOTG). The eFOTG is the primary reference for NRCS operations at the field level, and provides conservation information and scientific and technological resources on the Web in an easy-to-use environment. The eFOTG used in each field office is localized so that its contents apply specifically to the geographic area for which it was prepared. This dynamic document is designed to evolve to incorporate research and on-the-ground experience. It represents the best science and technology in the conservation of our Nation's private lands natural resources and is now utilized by conservation professionals beyond NRCS employees.

The eFOTG is linked to 8,000 NRCS Web pages and external sites. Content includes data in technical handbooks and manuals, scientific tools that help generate conservation alternatives, conservation practice standards, conservation effects case study reports, and other electronic tools for evaluating the effects of conservation technical assistance. In

total, the eFOTG has made our information more accessible, and supports the President's Management Agenda for E-Government.

Emphasis on Energy

One of the issues facing many farmers today is the high cost of fuel, fertilizer and other energy-related inputs. In early December 2005, Secretary Johanns announced the USDA Energy Strategy, which is a concerted effort to look at both reducing demand for oil and natural gas and increasing supply through bio-fuels.

To assist in this effort, NRCS has developed the "three-click" Energy Estimator Tool for tillage, which helps farmers and ranchers determine how much they could save by switching from conventional tillage to no-till or another reduced tillage system.

We also released a Nitrogen Estimator Tool. Farmers can use this tool to better estimate how much nitrogen they are applying on the ground in order to better manage and minimize the amount of fertilizer applied. A large part of fertilizer costs relate to energy; this tool can help result in a net savings for farmers and ranchers that apply the technology.

Beyond these two tools, the Agency is also working on an Irrigation Estimator Tool to help show water savings garnered by switching to less intensive water conservation practices.

Web Based Soil Survey

One of the fundamental building blocks of conservation is knowledge. We know that farmers, ranchers, contractors, and homeowners need sound data about the land where they live. In continued efforts to make conservation data as transparent and available as possible, we launched a Web Soil Survey to make soils data available upon demand through the Internet. Soil survey maps and related information are available online for more than 95 percent of the Nation's counties. Through this technology we have distributed more soil survey information to more customers in the last year that we could do with printing and distribution in the last 10 years.

As we move forward in FY 2006, there is some innovative technology that can help farmers and ranchers realize even bigger gains in their conservation efforts. We look forward to building upon the technology foundation achieved since the 2002 Farm Bill to implement even more voluntary conservation on America's private lands.

Increasing Third-Party Technical Assistance

With the historic increase in conservation funding made available by the 2002 Farm Bill, NRCS is relying upon non-Federal partners and private Technical Service Providers (TSPs) to supply the technical assistance needed to plan and oversee the installation of

conservation practices. I am proud to report that, at the end of April 2006, NRCS had over 2,500 individuals certified as TSPs, with an additional 100 individual applications pending.

In terms of businesses, NRCS has certified just over 200 TSPs, with more applications in process. From FY 2003 through the end of FY 2006, NRCS expects to invest $163.5 million in services provided by TSPs. We are excited about the additional assistance provided by TSPs that will complement our expertise and increase our capacity to deliver services.

Engineering services purchased from TSPs gives us flexibility to add expertise when budgets expand—and to more easily cut back without having to eliminate critical positions when budgets contract. In addition, TSPs have been particularly helpful in developing comprehensive nutrient management plans, conducting appraisals for conservation easements, and addressing cultural resource issues—areas where our in-house capabilities have been limited.

NRCS developed an Internet-based system for approving individuals and entities to provide technical services called TechReg. Individuals and entities may register in TechReg and become certified to provide specific categories of technical services. Once certified, the individuals are included on the approved list of TSPs. Landowners and producers can locate TSPs certified in their State and county from the TechReg Web site to help them meet their conservation goals.

NRCS has reached out aggressively to establish formal relationships through Memorandums of Understanding with key organizations. The goal is to forge a partnership and cooperate on providing technical services to the Agency. Some of these groups include the American Society of Agronomy, the Certified Professionals in Erosion and Sediment Control, Inc., the Society for Range Management, the American Forage and Grassland Council, the Wildlife Society, the American Fisheries Society, the Association of Consulting Foresters, the American Registry of Professional Animal Scientists, Iowa State University, University of Tennessee, the Irrigation Association, Validus, the National Alliance of Independent Crop Consultants, and the Society of American Foresters.

We are excited about this partnership and the prospect of TSP expertise continuing to complement our ongoing work.

Streamlining and Cost Savings

NRCS has devoted considerable effort to streamline our operations, becoming more efficient in delivering our core work. Since the 2002 Farm Bill, NRCS:

- Reviewed and revised 95 National Conservation Practice Standards, and is currently updating an additional 32;
- Streamlined program delivery, resulting in reduced costs without compromising quality;

- Improved program accounting systems to better identify and control costs; and
- Upgraded the Customer Service Toolkit, the Agency's automated conservation planning software, to increase functionality and improve product quality for our clients.

Mr. Chairman, we are not finished yet. We have formed a task force to identify and implement additional streamlining efforts and will be holding a national workshop to develop additional efficiency and money-saving strategies next month. NRCS also has established specific efficiency measures for each of its conservation programs, each of which establishes a baseline and target for improving program efficiency. We will continue streamlining and getting more efficient in working with our partners as well.

Farm Bill Technical Assistance Cost Savings

The streamlining and efficiencies NRCS has gained mean that even more conservation funding can be utilized for financial assistance to producers.

NRCS worked closely with the Farm Service Agency (FSA) to develop Conservation Reserve Program (CRP) efficiencies and streamlining for technical assistance resulting in reductions of 6.4 percent in general sign-ups, 52 percent for re-enrollments, and 29 percent for forestry practices.

This accomplishment is part of ongoing cooperative efforts with Farm Service Agency to identify better ways of doing business for programs like CRP, including moving from Agency certification of all practice installations to a 10 percent sample, with the other 90 percent self-certified by the producer.

The Conservation Technical Assistance Program

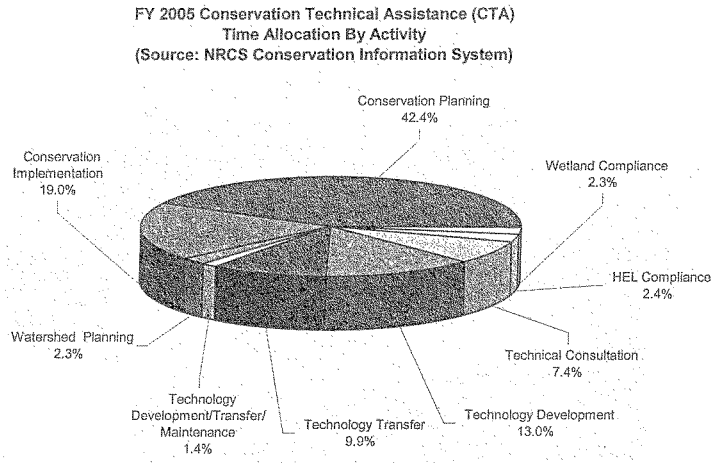
The Conservation Technical Assistance (CTA) Program provides direct conservation planning and implementation assistance, which includes the infrastructure and technical capability to assist program participants and to apply conservation on the land. This assistance is provided to individuals, groups, and communities who make natural resource management decisions on private, tribal, and other non-Federal lands. In addition, funds from CTA also support many other priority activities including the following:

- The initial planning and resource information used by landowners to access all Farm Bill programs;
- Technology development and transfer and maintenance of the NRCS Web-based electronic Field Office Technical Guide (e-FOTG), which supports all NRCS programs;
- Rapid Watershed Assessments and watershed and area-wide planning;
- Grazing Land Conservation Initiative;

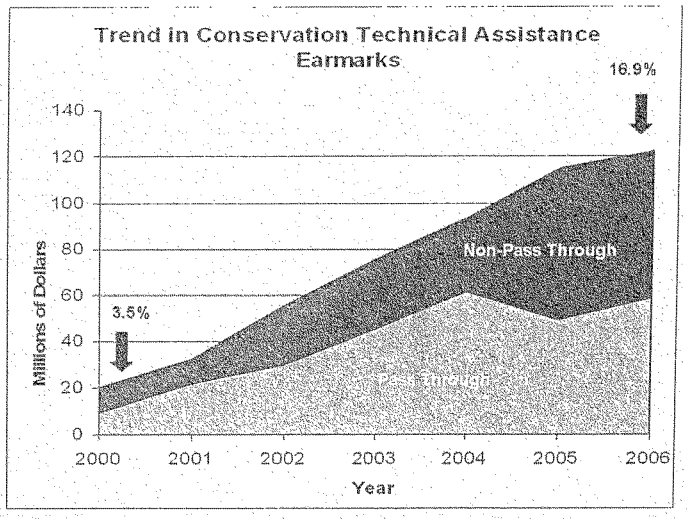
- Natural Resources Inventory (NRI); and
- Highly Erodible Lands Conservation (HEL) and Wetlands Conservation Compliance responsibilities.

The CTA Program covers the largest share of staffing costs of any NRCS program and supported 61 percent of total NRCS personnel costs in 2005.

Within CTA, conservation planning provides the platform for the delivery of all conservation programs including Farm Bill programs. Conservation planning provides the opportunity for program participants, working with NRCS field staff, to assess the resource needs on their property and identify appropriate programs to address those needs. The planning process also allows landowners the opportunity to align the objectives for their operation with the purposes and objectives of the various conservation programs available. NRCS' conservation planning process addresses each of the resource needs and seamlessly ensures that the planned actions are consistent with statutory requirements, such as the National Environmental Policy Act.



The CTA Program also contains Congressional earmarks. In CTA, earmarks have increased 6-fold between 2000 and 2006, from $20.3 million in 2000 to $122.3 million in 2006.



Mr. Chairman, I am pleased to report that in FY 2005, NRCS developed and implemented the first comprehensive CTA Program policy. The policy improves transparency and clarifies the program's mission, objectives and goals in an era of increased accountability. This year, as part of the new CTA policy, NRCS instituted a resource-based allocation process for the CTA Program to ensure that dollars go where the conservation needs are greatest. This new methodology, which is being phased in, will provide a more transparent allocation that addresses the natural resource issues of greatest priority. The new allocation formula also aligns the new CTA policy with national priorities, and integrates program performance measures that were developed in the Administration's Program Assessment Rating Tool (PART) process.

In addition, this year, nine states participated in NRCS' first conservation planning sign-up. This is a pilot initiative that emphasizes the importance of conservation planning to help producers be better prepared to apply for conservation programs and to comply with Federal, State, tribal and local governmental regulations. The sign-up enabled landowners to plan more realistically to implement practices and apply for conservation programs as part of a more comprehensive approach to land management and resource stewardship.

All of these improvements will ensure that the most pressing conservation needs on America's private lands are addressed and will help NRCS meet its Strategic Planning objectives and improve accountability.

CONSERVATION PROGRAMS

I want to report to you specifically on our accomplishments under each of the Farm Bill conservation programs.

Portfolio of Working Lands Conservation Programs

Environmental Quality Incentives Program (EQIP). EQIP was re-authorized by Section 2301 of the 2002 Farm Bill.

EQIP provides flexible technical and financial assistance to landowners that face serious natural resources challenges on working lands that impact soil, water, and other natural resource concerns related to cropland, grazing lands, wetlands, and wildlife habitat. In addition, energy conservation is considered an appropriate use of EQIP funds.

The 2002 Farm Bill made several changes to expand EQIP and to streamline and improve its efficiency. A few of the changes include:

- Reducing the minimum length of a contract from 5 years to 1 year after installation of the last practice;
- Allowing cost-share rates of up to75 percent and 90 percent for limited resource and beginning farmers or ranchers. NRCS has stretched the Federal conservation dollar further by prioritizing cost-share rates for EQIP practices. The average Federal cost share rate in FY 2002 was 72 percent, in FY 2005 the average Federal cost share rate is 60 percent;
- Removing the provision prohibiting a producer from receiving cost-share for an animal waste management facility on an animal operation with more than 1,000 animal units;
- Removing language targeting funds to Conservation Priority Areas;
- Allowing payments to be made in the first year of the contract;
- Eliminating the competitive bidding by applicants;
- Revising the purpose from "maximize environmental benefits per dollar expended" to "optimize environmental benefits"; and
- Changing the maximum payment limitation from $50,000 per person per contract to $450,000 per individual or entity for all contracts entered into in fiscal years 2002 through 2007. The average EQIP contract obligation has been slightly less than $16,000 for all 2002 Farm Bill contracts. Typically 99 percent of all EQIP contracts under the 2002 Farm Bill have been less than $150,000 with about 60 percent less than $10,000.

In a further effort to make the program more effective and efficient, the Department also initiated several streamlining changes, including:

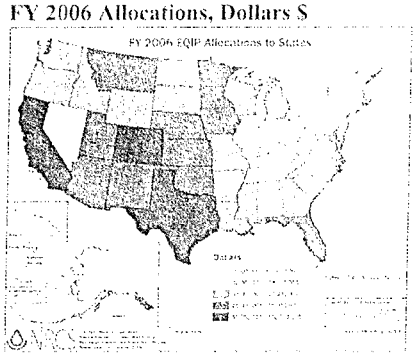
- Eliminating the program's dual administration by changing Farm Service Agency (FSA) participation from concurrence to consultation;
- Reducing the planning requirements needed to develop the contract;

- Reducing the average length of the contract from the 1996 Farm Bill average of 7 to 8 years, to the 2002 Farm Bill contracts averaging 3 to 4 years in length;
- Allowing producers to have more than one contract per tract at any given time;
- An application ranking criterion that places added weight on conservation practices and program contracts that assist producers to comply with Federal and State regulations;
- Accelerating application of contracts by taking the following actions: implementing the Energy Initiative to encourage FY 2004 and prior year contract completion this year. Since March 1, 2005, $2.7 million has been paid under this initiative; implementing the Conservation Completion Initiative (incentive payment) for FY 2006 contracts to encourage contract completion during the first three years;
- Increasing early completion rate. Contracts obligated during FY 2004 and FY 2005 averaged 87 percent of the practice completion scheduled within the first three years; and
- Obligating the funds earlier in the fiscal year. In FY 2006, 95 percent of the funds were obligated by June 1, 2006. This obligation threshold was not achieved until September for FY 2005 funding.

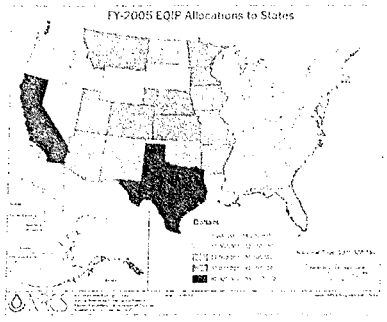
Benefits

The increased funding for EQIP in the 2002 Farm Bill greatly expanded program availability for optimizing environmental benefits. Including funding obligated in FY 2002 through FY 2006, totaling almost $3.1 billion, EQIP will benefit close to 185,000 participants. In addition, EQIP leverages additional funding from landowner match requirements, and State and local cost-share programs.

FY 2006 Allocations, Dollars $



FY 2005, Allocations



EQIP participation with American Indians, Alaska Natives and Indian tribes has increased from $6.8 million in FY 2002 to almost $20 million in FY 2005.

Producer demand continues to be high for EQIP assistance. NRCS has been able to significantly address the unfunded list of producers requesting assistance through EQIP since passage of the 2002 Farm Bill. In FY 2002, the agency was able to fund 1 in every 5 requests for contracts; in FY 2005 we funded one in every two requests for a total of 49,406 producers receiving a contract through this program.

We believe that the increased program flexibility and improved program features will continue to make EQIP one of the most popular and effective conservation efforts Federal Government-wide.

Ground and Surface Water Conservation (GSWC). GSWC is authorized by Section 1240I of the Food Security Act of 1985 as added by Section 2301 of the 2002 Farm Bill. GSWC promotes ground and surface water conservation by providing cost-share and incentive payments to producers to carry out eligible water conservation activities related to agricultural production.

The NRCS is working closely with landowners on practices and projects aimed to increase irrigation efficiency, and achieve net reductions in water use. Through the Ground and Surface Water Conservation (GSWC) component of the Environmental Quality Incentives Program, NRCS has provided more than $150 million in financial and technical assistance.

Activities under the GSWC program include improving irrigation systems, enhancing irrigation efficiencies, converting to the production of less water intensive agricultural commodities, converting to dryland farming, improving the storage of water through such measures as water banking and groundwater recharge, and mitigating the effects of drought. Projects must result in a net savings of groundwater or surface water resources in the agricultural operation of the producer.

Since GSWC was authorized in 2002, NRCS has entered into over 5,000 contracts, enrolled more than 1.5 million acres into the program to help producers conserve ground and surface water resources. An additional $51 million in GSWC funding is currently available to producers nationwide.

Klamath Basin Funding. The 2002 Farm Bill authorized $50 million to carry out water conservation activities in the Klamath Basin in Oregon and California to help producers establish conservation measures leading to an on-farm net savings in ground or surface water resources.

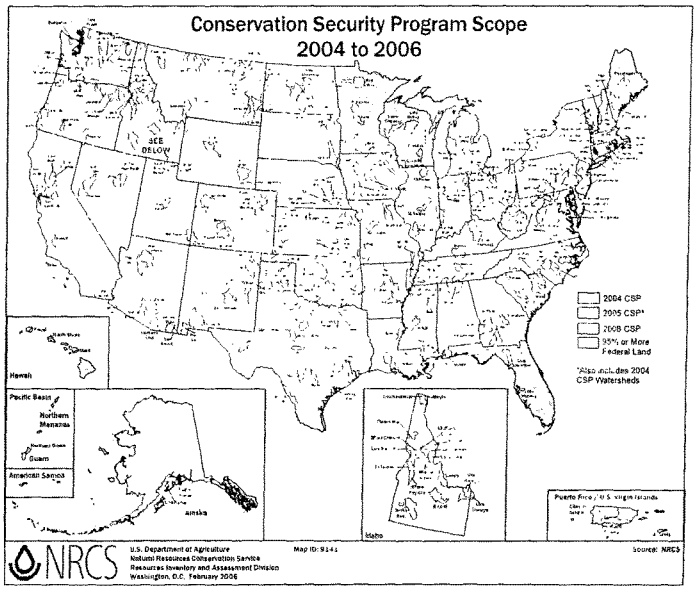
Since the passage of the Farm Bill, NRCS has allocated over $43.6 million in financial assistance in the Klamath Basin through FY 2006. More than 2,800 local landowners received Farm Bill assistance under this effort through the end of FY 2005. This funding, and the technical assistance provided, addressed natural resource concerns on over

84,000 acres in the Basin. With proper irrigation management and application, landowners have been able to lower their on-farm water use by 24,000 acre-feet. Converting from flood systems to more efficient irrigation systems can typically result in an average of 30 percent on-farm savings.

Mr. Chairman, the Klamath Basin represents a challenging situation, as farmers are faced with the need to conserve water use and still farm in a cost-effective manner. We believe our work in this area showcases how rural landowners can rise to the challenge of addressing limited water availability while meeting environmental objectives.

Conservation Security Program (CSP). CSP, authorized by the 2002 Farm Bill, provides payments to producers who practice good stewardship on their agricultural lands and incentives for those who want to do more. The program is voluntary and provides financial and technical assistance for the conservation, protection, and improvement of natural resources on tribal and private working lands.

In its first 3 years, CSP has generated much interest with our Nation's producers. The first CSP sign-up was held in July 2004, in 18 priority watersheds within 22 States. In 2005 and 2006, CSP was expanded and implemented in a total of 280 watersheds nationwide, including watersheds in every State, Puerto Rico and Guam. Including the most recent sign-up, CSP has invested in the operation of nearly 19,200 stewards on 14.6 million acres of working agricultural land with annual payments that average about $11,000 but range from less than $500 to $45,000.



Through the CSP enhancement provisions and the application of intensive management measures, producers are achieving even greater environmental performance and additional benefits for society. Several new conservation activities will enable producers to further enhance their operation and the natural resources. For example, the energy component of CSP is rewarding farmers and ranchers for converting to renewable energy fuels such as soy bio-diesel and ethanol. Because CSP enhancements go beyond the minimum requirements, innovative producers are pushing conservation technology to produce even greater conservation benefits.

The President's FY 2007 budget requests $342.2 million for CSP, which includes an increase of $83 million to continue expanding the program and rewarding excellent conservation stewards.

NRCS intends to offer the program each year, on a rotational basis, in as many watersheds as funding allows. Most working agricultural land is eligible for CSP. Producers on cropland, orchards, vineyards, pasture and range may apply for the program, regardless of size, type of operation, or crops produced. Our data show that CSP touches all sectors of agriculture from livestock operations to cropland, from orchards, vineyards and truck crops to sugar beets and cranberries.

The CSP sign-up was offered this year from February 13th to March 31st in 60 priority watersheds nationally. More than 75,000 farms and ranches covering more than 25 million acres of cropland and grazing lands were included in the sign-up area. During the sign-up, over 8,570 CSP applicants completed their interviews resulting in 7,548 eligible applicants for about $99.2 million. Enrollment data show that approximately 24 percent of the land in those watersheds was signed up for CSP. This response indicates that some of the best conservationists are willing to do even more conservation through CSP. Environmental enhancement activities offered by applicants include improving soil quality, water quality, wildlife habitat management, nutrient and pest management, air quality management and on-farm energy management.

The CSP self-assessment and the new water quality tool helped producers identify whether their agricultural operation met sign-up requirements. Producers who were not eligible learned of other programs available to assist in achieving the high level of conservation necessary to qualify for CSP in the future.

The Government Accounting Office (GAO) recently did a thorough review of the implementation of CSP, specifically for the 2004 and 2005 CSP sign-ups. GAO was asked to determine: (1) why the Congressional Budget Office (CBO) and Office of Management and Budget (OMB) cost estimates for CSP generally increased over time; (2) what authority USDA has to control CSP costs and what cost control measures are in place; and (3) what legislative and regulatory measures exist to prevent duplicative payments between CSP and other USDA conservation programs.

GAO was able to produce a timeline of CBO and OMB 10-year estimates of CSP costs that resulted from the seven legislative actions on the CSP statute since its enactment 4

years ago. In order to operate the program, NRCS had to implement CSP in a flexible approach using watersheds, enrollment categories, sign-up periods, and self-assessment processes in order to quickly adapt to continued funding changes.

Regarding program financial management, NRCS has implemented a number of CSP measures to prioritize program spending primarily by delivering the program in priority watersheds, targeting enrollment at good conservation stewards, and concentrating payments on conservation enhancement activities that generate additional resource benefits. Additionally, NRCS has instituted several internal control mechanisms since the audit was complete. Automation of producer eligibility and checking for potentially duplicative payments has been completed and tested in the FY 2006 sign-up. NRCS has added staff to our data warehouse in Ft. Collins to assist States with quality control and technical questions. Direction to field employees regarding compliance reviews has been transmitted and those reviews are currently underway. The CSP manual has been updated to streamline the process of contract administration to conform to the other financial assistance programs and to clarify the State Conservationist's authority to make decisions regarding wildlife habitat criteria for CSP.

I am proud of the implementation of CSP to date and I believe that the 19,200 contract holders are pleased as well; but there is definitely more to do.

Wildlife Habitat Incentives Program (WHIP). WHIP was re-authorized by Section 2502 of the 2002 Farm Bill. The program continues to develop habitat for upland wildlife, wetlands wildlife, threatened and endangered species, fish, and other wildlife.

Under WHIP, NRCS provides technical and financial assistance to landowners to improve wildlife habitat conditions on their property. NRCS enters into five- to 10-year cost-share agreements with landowners, providing up to 75 percent of the funds needed to implement wildlife habitat development practices. NRCS also can enter into less than 1-year wildlife emergency agreements in cases where a wildlife habitat is modified as a result of a catastrophic, natural, or man-made event to help landowners address the potential for dramatic declines in one or more wildlife populations.

The 2002 Act also authorizes NRCS to provide additional cost-share assistance to landowners who enter into 15-year agreements to develop essential plant and animal habitat.

Since passage of the 2002 Farm Bill, NRCS has utilized more than $165 million in financial and technical assistance to enroll nearly 9,500 agreements on over 1.4 million acres. NRCS reimbursed participants approximately $8,800 for each long-term agreement. The average agreement covers 148 acres. Originally authorized by Section 387 of the 1996 Farm Bill, since launching the program in 1998 a total of 23,100 agreements have been signed covering more than 3.3 million acres. In FY 2006, NRCS has allocated $43 million in financial and technical assistance to WHIP contracts with landowners.

WHIP is effective in serving landowners who want to help provide habitat for species in decline. NRCS is working with landowners and partners to assist with habitat development projects for the Ivory-billed woodpecker, sage grouse, salmon, bog turtle, and northern bobwhite quail.

Agriculture Management Assistance Program (AMA). AMA provides financial assistance to producers to construct or improve water management or irrigation structures, plant trees for windbreaks, or improve water quality. The program also offers financial assistance to mitigate crop failure risks through diversification or resource conservation practices.

The 2002 Farm Bill provides $20 million annually for financial assistance in 15 States, in which participation in the Federal Crop Insurance Program is historically low as determined by the Secretary. The 15 States designated by the Farm Bill to participate in the program are Connecticut, Delaware, Maine, Maryland, Massachusetts, Nevada, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Utah, Vermont, West Virginia, and Wyoming.

NRCS implemented 2,682 contracts on 466,800 acres with $33.2 million obligated for implementing conservation practices in FY 2001 through FY 2006. In FY 2006, $5 million is available for AMA.

Competitive Grant Programs

NRCS first added competitive grant programs to its portfolio of conservation programs in FY 2004. Grant programs, such as Conservation Innovation Grants (CIG), can create new and innovative partnerships extending beyond the individual farm, bringing additional matching resources to the table, to foster the growth of innovative technologies and approaches to voluntary private lands conservation. NRCS is now in its third year of awarding competitive grants; and by the close of FY 2006, we will have awarded grants totaling approximately $90 million to over 400 individuals, tribes, non-governmental organizations, and State agencies. This NRCS funding is matched by the grant recipients, who bring an even greater financial contribution to the conservation table since the grants require matching funds of at least 50 percent.

These new competitive grant programs are carried out under both Farm Bill and discretionary program authorities. Under the 2002 Farm Bill authorities, NRCS delivers the Environmental Quality Incentives Programs' Conservation Innovation Grants and the Wetlands Reserve Program's Enhancement Grants. Under the discretionary Conservation Technical Assistance Program authority, NRCS delivers Cooperative Conservation Partnership Initiative Grants and Grazing Land Conservation Initiative Invasive Species Control Grants. As a suite of programs, these grants accomplish such conservation objectives as proving the economical and practical application of new technologies and approaches to conservation; creating partnership efforts to plan for and address natural resources concerns on a watershed basis; accelerating wetlands creation, protection, and restoration; and, helping to focus increased attention on controlling

invasive species in grazing land situations - - among other high-priority natural resource concerns and conservation opportunities.

Additionally, we expect to transfer the lessons learned to broader audiences and institutionalize the successful results in other programs. Without question, these grants have and will continue to accelerate NRCS' efforts to expand partnerships and bring diverse interests to the table to foster sound, voluntary private lands conservation.

Portfolio of Easement Programs

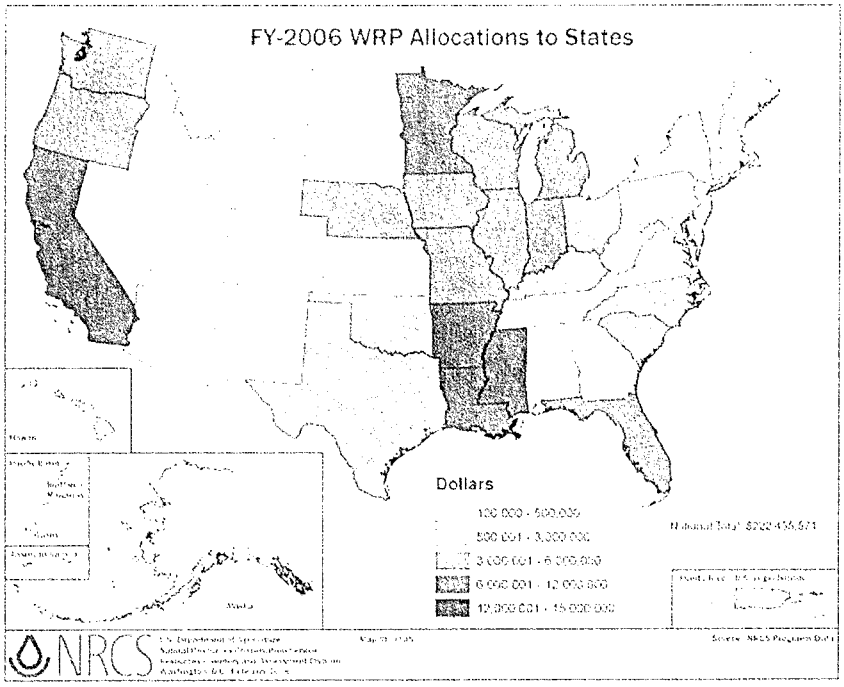
During the period FY 2002 through 2005, NRCS enrolled 748,337 acres in WRP, 449,177 acres in FRPP and 379,498 acres in GRP easements, for a total acreage enrollment in conservation easement programs of over 1.6 million acres.

Wetlands Reserve Program (WRP). WRP is a voluntary program offering landowners the opportunity to protect, restore, and enhance wetlands on their property. The NRCS provides technical and financial support to help landowners with their wetland restoration efforts to retire eligible agricultural lands with a long-term or permanent easement. Landowners receive an easement payment based on the lands' fair market value, less the residual value of the land after it is encumbered by an easement. The 2002 Farm Bill increased the program enrollment cap to 2,275,000 acres.

To leverage NRCS program delivery costs, NRCS initiated the Wetlands Reserve Enhancement Program (WREP) in FY 2004. The objectives of WREP are the same as WRP; however, the purpose of WREP is to stimulate the development of partnerships that lower the NRCS' technical assistance costs by requiring the cooperating entity to provide at least 50 percent of the technical assistance costs. In FY 2005 and FY 2006, NRCS awarded $24 million to 13 separate partnerships in 12 States through WREP.

At the end of FY 2005, WRP had a total enrollment level of 1,743,671 acres on 9,226 projects. Approximately 80 percent of these acres are subject to permanent easement; 14 percent are 30-year easements; and 6 percent are restoration cost-share agreements.

FY 2006 WRP Allocations



On April 22, 2004, USDA announced that farmers and ranchers had produced an estimated gain of 131,400 acres of wetlands from 1997 through 2002 according to the National Resources Inventory (NRI).

The NRI reports changes in the Nation's private land use. The greatest wetland gains occurred in the Corn Belt and Delta States where farmers and ranchers have created, maintained or enhanced numerous wetlands through conservation programs such as the Wetlands Reserve Program and Conservation Reserve Program.

WRP also is the principal USDA program to help meet the President's Wetlands Initiative goal to create, restore and enhance 3 million acres of wetlands by 2009. The President's 2007 budget proposes $403 million for WRP, an increase of $153 million over the 2006 level. This will enable an annual enrollment of 250,000 acres; an increase of 100,000 acres over FY 2006, and will bring total cumulative enrollment to 2,143,671 acres.

WRP is a great way to provide incentives to landowners to contribute to the increase of wetlands in America. Wetlands protect water quality by filtering out pollutants,

recharging groundwater, absorbing excess water for natural flood control, buffer coastal areas from erosion, supporting waterfowl and fish, and offering recreational areas and scenic beauty.

Grassland Reserve Program (GRP). New in the 2002 Farm Bill, GRP assists landowners in restoring and protecting grassland by enrolling up to 2 million acres under easement or long-term rental agreements. Program participants can also enroll in restoration agreements to restore the functions and values of the grassland. The 2002 Farm Bill authorized $254 million for implementation of this program during the period 2003 through 2007. This program is administered in cooperation with the Farm Service Agency (FSA).

In fiscal years 2003 through 2005, $178.5 million in financial assistance was allocated. Through fiscal year 2005, 3,003 landowners enrolled 909,000 acres in both rental and easement agreements. Approximately 380,000 acres were enrolled in easement projects, and 529,000 acres were enrolled as rental agreements.

In fiscal year 2004, NRCS provided $2 million in GRP financial assistance to four western States for Greater Sage Grouse conservation and recovery on lands identified by State wildlife agencies as containing critical sage grouse habitat. The funds supported GRP easements on private lands in Colorado, Idaho, Utah and Washington, with technical assistance and additional financial assistance provided through State and local partnerships. In FY 2005, NRCS has devoted an additional $1 million of GRP funds for continued support of the sage grouse's recovery.

Mr. Chairman, this program is one of the most highly demanded programs we have to date. Ranching families in America are excited about this program and eager to participate. We are excited about the future opportunity this program represents.

Farm and Ranch Lands Protection Program (FRPP). Section 2503 of the 2002 Farm Bill re-authorized the Farm and Ranch Lands Protection Program, and placed it within Title XII of the Food Security Act of 1985.

Through the FRPP, the Federal Government establishes partnerships with State, local or tribal government entities or nonprofit organizations to share the costs of acquiring conservation easements or other interests to limit conversion of agricultural lands to non-agricultural uses. FRPP acquires perpetual conservation easements on a voluntary basis on lands with prime, unique, or other productive soil or that contains historical or archaeological resources. FRPP provides matching funds of no more than 50 percent of the purchase price for the acquired easements.

Prior to the 2002 Farm Bill, NRCS protected 540 farms covering 113,700 acres with $53 million. Since the 2002 Farm Bill, FRPP has enrolled nearly 449,177 acres.

Healthy Forests Reserve Program (HFRP). While not authorized in the Farm Bill, the HFRP was created by Congress with the enactment of the Healthy Forests Restoration

Act of 2003, and has the potential to become an integral part of conservation efforts on private forest lands. HFRP is a voluntary program established to restore and enhance forest ecosystems to: 1) promote the recovery of threatened and endangered species; 2) improve biodiversity; and 3) enhance carbon sequestration.

The program is authorized through 2008. Restoring and protecting forests contributes positively to the economy of our Nation, provides biodiversity of plant and animal populations, and improves environmental quality. HRFP includes a safe harbor provision for landowners who enroll and agree, for a specified period, to restore or improve their land for threatened or endangered species habitat. In exchange, they avoid future regulatory restrictions on the use of that land protected under the Endangered Species Act.

On May 18, 2006, Under Secretary Mark Rey announced the availability of $2.3 million for the HFRP in selected forest ecosystems. In FY 2006, HFRP will focus on habitat recovery for the endangered red-cockaded in the Lower Ouachita River Flatwood region of Arkansas, the Canada lynx in the northern boreal forest of Maine, and the gopher tortoise in the longleaf pine ecosystem along the Gulf Coast in Mississippi. The work in the Lower Ouachita River area will also benefit the very rare Ivory-billed woodpecker.

Easement Monitoring. With these easement programs, NRCS has and will be acquiring a large portfolio of easements that we must manage, enforce and monitor on behalf of the Federal Government. NRCS currently has approximately 10,000 existing easements to manage, monitor, and enforce. At the current level of participation, this number could increase, annually, by 1,500. These easement responsibilities require significant technical assistance to administer, averaging approximately 12.5 hours per easement per year. NRCS is developing plans for an easement monitoring strategy. This effort will involve the testing of remote sensing techniques for our monitoring and enforcement activities to determine if they are more efficient and effective than annual field visits.

Additional Conservation Features

Aside from the core conservation programs, the 2002 Farm Bill included additional legislative language that makes important conservation contributions.

Resource Conservation and Development Program (RC&D). The 2002 Farm Bill provided permanent authorization for the RC&D program and required the Secretary, in consultation with RC&D councils, to evaluate if the program was effectively meeting the needs of States, units of government, Indian tribes, non-profit organizations, and councils. The Secretary recently submitted the report and his recommendations to improve the program. Overall, the program has been successful in establishing locally led conservation and economic development efforts and developing effective community leadership. Participants in the evaluation said the major contributions of the program are establishing area plans. They valued the Federal non-profit status of councils and perceived the Federal coordinator, public participation and program flexibility as key factors to success of the program. NRCS expect the program will continue to incorporate emerging concerns such as ecosystem services, biomass energy production and

innovative conservation technology into local council area plans and projects. The President's FY 2007 budget proposes to reduce funding for the RC&D program and consolidate the number of RC&Ds. The reduction in funding for the RC&D Program will require that it be more focused on multi-county/parish planning, intergovernmental relations and improve efficiencies. The program remains popular; NRCS has 37 applications on hand requesting designation of new RC&D Areas.

Watershed Rehabilitation Program. One of the Agency's strategic goals is to reduce risks from drought and flooding in order to protect community health and safety. A tool in meeting this goal is providing financial and technical assistance to communities and implementing high priority watershed rehabilitation projects to address dam safety. The Watershed Rehabilitation Program is authorized under section 14 of the Watershed Protection and Flood Prevention Act, approved August 4, 1954, as added by section 313 of Public Law 106-472, November 9, 2000.

This program assists communities in addressing public health and safety concerns and environmental impacts of aging dams. Rehabilitation may also provide new benefits to communities, such as additional municipal and irrigation water supplies, recreation, and wetland and wildlife enhancement.

To date, almost $130 million has been appropriated for watershed rehabilitation in fiscal years 2002 through 2006. Considerable progress has been made in a very short time since this new authorization was provided and funded. NRCS has worked with communities to identify dams that are nearing the end of the designed life span and need rehabilitation not only to ensure that the dams are safe and protect the people of the community, but also so they continue to provide flood control, recreation, and wildlife habitat for another 50 to 100 years.

Plans have been authorized for rehabilitating 82 dams. The 47 dams that have been rehabilitated to date have reduced the risks to 7,000 people living downstream and provided $3 million in average annual flood damage reduction.

Regional Equity. The 2002 Farm Bill gives priority to States that have not received for the fiscal year, an aggregate amount of at least $12 million under the Environmental Quality Incentives Program, including the Ground and Surface Water Conservation Program and the Klamath Basin, the Grassland Reserve Program, and the Farm and Ranch Lands Protection Program.

As a result, for FY 2004, regional equity adjustments of $67.5 million were allocated to 13 States and the Caribbean Area, including Alaska, Connecticut, Delaware, Hawaii, Maine, Massachusetts, Nevada, New Hampshire, New Jersey, Rhode Island, South Carolina, Vermont, West Virginia, and Puerto Rico.

The Agency has put into place a mechanism to assess and reevaluate excess program funding in the regional equity States should they not be able to obligate all the allocation

in the allotted timeframe. As the fiscal year progresses, we can steer unobligated dollars to States that can utilize the funds by the end of the fiscal year, if needed.

Measuring Success

Mr. Chairman, we have made significant progress in making our funding and allocation formulas more transparent and easily accessible to our customers. Program allocations, contract information, and backlog data are all available in table and map form on our Web site.

But while we have excellent information about our program outputs, we still need better data about the environmental outcomes of our programs.

As a result, starting in 2003, NRCS, in collaboration with other USDA and Federal agencies, initiated the Conservation Effects Assessment Project (CEAP) to scientifically assess the environmental and related outcomes from Farm Bill conservation programs at both the national and watershed scale through 2008.

The national assessment initially focuses on water quality, soil quality, and water conservation benefits from cropland, including the Conservation Reserve Program. Using the Natural Resources Inventory (NRI), supplemented by farmer surveys, and verified by USDA computer models, CEAP will estimate national benefits from conservation practices and programs. In addition, our future plans include estimates for wildlife, grazing lands, and wetlands benefits from conservation activities.

We know that farmers and ranchers are making important gains in conservation on working lands. We are excited to capture this data and confirm the real results we are helping our customers achieve.

Economic Impacts of Conservation Activities

The financial and technical assistance that NRCS delivers to farmers and ranchers to assist them in "putting conservation on the ground," not only creates clean water, healthy soil, and wildlife habitat, it also creates an indirect effect on local economies. Although the overall effect is small and varies by region, regional impact analysis modeling estimates that, on average, about $1.60 to $1.80 in additional economic activity is produced in rural areas over and above every dollar of NRCS conservation program expenditures. This figure was based on a study done by NRCS and Economic Research Service economists. This kind of economic activity—ranging from businesses supplying conservation-related material and expertise to businesses supplying other goods and services—can help in rural job retention and help boost rural household incomes. For example, the funding for the EQIP in 2005 was nearly $1 billion.

Our Goals

Even as we are looking ahead to the next Farm Bill, we have been discussing where conservation on working agricultural lands needs to go in the years—and even decades—ahead.

I mentioned earlier our mission— helping people help the land—which enables us to reach our ultimate objective: productive lands and a healthy environment.

With input from our customers and our partners, we have recently developed a strategic plan designed to help us move from vision to reality. We have identified six goals—three foundation goals and three venture goals.

Our foundation goals cover traditional NRCS activities: high quality, productive soils; clean and abundant water; and healthy plant and animal communities. The venture goals focus on emerging resource concerns related to current economic and demographic trends. These include: air quality, an adequate energy supply and working farms and ranch lands.

The plan also identifies three overarching strategies we will use to address all of these concerns— cooperative conservation, a watershed approach and a market-based approach— as well as strategies specific to each concern.

This plan is a solid blueprint that will drive us forward, under the 2002 Farm Bill and the Farm Bills of the future. At the same time, there is sufficient flexibility in the plan to enable us to adjust to the inevitable changes that will occur—including whatever the next Farm Bill brings—and to recognize local priorities.

Conclusion

As we look ahead, it is clear that the challenge before us will require dedication of all available resources – the skills and expertise of the NRCS staff, the contributions of volunteers, and continued collaboration with partners. Conservation Districts, Resource Conservation and Development Councils, State and local agencies, and other valuable partners continue to make immeasurable contributions to the conservation movement. It is this partnership at the local level that makes a real difference to farmers and ranchers. As we move forward, we will accelerate the use of third-party sources of technical assistance as well. We recognize that the workload posed by future demand for conservation will far outstrip our capacity to deliver, and seek to complement our resources with an appropriate system of qualified expertise.

Conservation programs on working agricultural lands bring environmental benefits to both producers and the public. Conservation thus represents a double value for the taxpayers by supporting sustainable agriculture and also enhancing the environment.

I thank the Chairman and Members of the Subcommittee for the opportunity to appear here today, and for your ongoing support and attention to implementation of the Conservation Provisions of the 2002 Farm Bill. I would be happy to respond to any questions that Members might have.

Testimony of

John A. Johnson
Deputy Administrator for Farm Programs
Farm Service Agency
United States Department of Agriculture

before the

Committee on Agriculture, Nutrition, and Forestry
United States Senate
June 7, 2006

Mr. Chairman and members of the committee, we appreciate the opportunity to review the operation of the Farm Bill's conservation programs administered by the Farm Service Agency (FSA). We are pleased to share our experiences in implementing the Conservation Title for the past four years. We will also offer our observations on the changing business environment in which the programs operate, particularly as Congress begins to consider appropriate policies for the next Farm Bill.

America's farmers and ranchers have significantly improved our environment over the last 20 years. Soil erosion on cropland has been reduced by over 1.2 billion tons per year. This past year we had a net increase in wetlands which was a first in our nation's history. As of April 2006, the Conservation Reserve Program (CRP) restored more than 2 million acres of wetlands and approximately 2 million acres of buffers. CRP will effectively reduce soil erosion by 454 million tons each year.

Overview of the Conservation Title

Proclaiming that "...every day is Earth Day..." for farmers and ranchers, the President has stated that conservation programs enable us to be better stewards of our nation's natural resources. The President supported and welcomed a strong conservation title in the Food Security and Rural Investment Act of 2002 (2002 Farm Bill). The 2002 Farm Bill responded to a broad range of ongoing conservation challenges including soil erosion, wetlands conservation, water quality, and wildlife habitat improvement. Other challenges today include emerging energy issues and potential markets for sequestered carbon.

FSA administers the largest public-private conservation partnership in America. CRP is a voluntary program for agricultural land owners and operators. CRP provides annual rental payments and cost-share assistance to establish long-term, resource-conserving covers on certain eligible farmland through long-term rental contracts.

CRP provides a variety of options for restoring highly erodible land, improving water quality and conserving water, restoring wetlands, improving air and soil quality, and enhancing wildlife habitat. While the focus of the program is assisting farmers and ranchers to protect environmentally-sensitive cropland, its portfolio was expanded to include marginal pastureland. CRP is also working to restore forest lands damaged by hurricanes in 2005.

FSA also implements the Emergency Conservation Program (ECP). Under ECP, FSA shares the costs of rehabilitating farmland damaged by natural disasters including flooding, tornados, hurricanes, ice storms, wildfires, and drought.

Additionally, FSA shares implementation of conservation compliance and the Grassland Reserve Program (GRP) with the Natural Resources Conservation Service (NRCS). NRCS benefits from FSA's Web based name and address file, the Service Center Information Management System (SCIMS) and comprehensive GIS databases of farm

field boundaries called the Common Land Unit (CLU). Likewise, FSA benefits from using the digitized database of soils offered by NRCS.

Operations and Performance Since 2002

Conservation Reserve Program. When CRP was authorized 20 years ago under the Food Security Act of 1985 (1985 Farm Bill), almost all acres that were enrolled were intended to help reduce cropland erosion. Many initially regarded this program as a commodity supply management tool. As CRP was implemented, it became clear that this evolving program offered substantial benefits for water quality, wildlife habitat and protection of other environmentally sensitive land, as well. With the Food, Agriculture, Conservation, and Trade Act of 1990, emphasis began to shift toward protecting more environmentally sensitive land. FSA began to focus CRP resources to more effectively target water and air quality, wildlife habitat, and prevention of soil erosion.

The 2002 Farm Bill expanded CRP's authority to enroll marginal pastureland and expanded a six-state pilot program protecting small wetlands into a national program, now called the Farmable Wetlands Program. The 2002 Farm Bill established mid-contract management to enhance cover and permit the harvest of biomass. For the first time, Congress authorized managed haying and grazing and the placement of wind turbines on CRP land under certain conditions.

The 2002 Farm Bill mandated a report to determine the economic and social impacts on rural communities resulting from CRP. This analysis was prepared under the leadership of the Department of Agriculture's Economic Research Service (ERS) and was submitted to Congress in January 2004. The report found that any negative impacts of CRP on rural economies tended to be small and transitory, and did not identify any negative impact on rural population, government services or tax burden.

There have been significant accomplishments under CRP since the 2002 Farm Bill, including the following highlights:

- USDA began delivering on the President's goal to re-enroll or extend contracts on more than 28 million acres of land, which were scheduled to expire from 2007 to 2010. More than 83 percent of producers with expiring 2007 contracts have elected to re-enroll or extend their contracts;

- FSA will offer new CRP contracts on one million acres of acceptable land under general sign-up 33. Total enrollment now stands at 36 million acres, and this total will increase to about 37 million acres once the general sign-up 33 acres are enrolled. Since the President enacted the 2002 Farm Bill, FSA has enrolled 2.9 million new acres into CRP through general signups;

- Restored wetlands enrolled in CRP reached 2 million acres as of April of 2006. These restored wetlands are the result of several initiatives, including the 500,000-acre Bottomland Hardwood Timber Initiative and the new 250,000-acre

Non-floodplain Wetland Restoration Initiative. "Bottomland Hardwood" improves flood plains through the restoration of primarily bottomland hardwood trees. "Non-floodplain Wetland" restores large wetland complexes and playa lakes located outside the recognized 100-year floodplain and is a part of the President's Wetland Initiative;

- Increased wildlife populations, including more than 2 million additional ducks annually in the Northern Prairie, recovered Sage and Sharp-Tailed Grouse populations in Eastern Washington, increased Ring-Necked Pheasant populations, and increased grassland bird populations. CRP is building upon these successes with several initiatives including enrollment of 100,000 acres in the 250,000-acre Presidential Quail Initiative to create habitat for quail, upland birds, and other species. We have executed agreements with Pheasants Forever, Ducks Unlimited and the National Wild Turkey Federation to jointly work toward achieving mutual program objectives;

- Signed 14 new CREP agreements (*Colorado, Florida, Idaho, Indiana, Louisiana, Minnesota, Montana, Nebraska, New Jersey, New York, Ohio, and Pennsylvania*) to protect water quality, improve water quantity, create wildlife habitat, and control erosion on more than 803,000 acres. Using the new authority in the 2002 Farm Bill we have implemented several CREPs targeting water conservation. The Platte Republican Resource Area CREP in Nebraska, for example, provides 100,000 acres to enroll irrigated cropland at irrigated rental rates in order to achieve water conservation benefits. Similar agreements were recently signed for a 35,000-acre Colorado program and a 100,000-acre program in Idaho;

- Developed one of the agency's first Web based applications, which uses geographic information system (GIS) technology to enroll land in CRP. This upgrade has improved workload management for county offices, saved time and money, and increased accuracy. The net savings generated from deploying PC and Web based software rather than using NRCS staff during general sign ups amounted to $11 million. Planned enhancements include full migration of all CRP contracts to a Web environment from the current legacy system.

- Developed a 10-state pilot program for private sector technical assistance that includes conservation plan training, which is scheduled to begin implementation during late summer 2006; and

In addition, we are preparing to implement the $404.1 million Emergency Forestry CRP program to restore more than 700,000 acres of private forestland damaged by 2005 calendar year hurricanes.

Emergency Conservation Program. ECP provides emergency funding and technical assistance to help farmers and ranchers rehabilitate farmland damaged by natural disasters. ECP helps affected producers implement emergency water conservation measures during periods of severe drought. ECP is funded by appropriations and is

implemented through state and county FSA committees. Subject to the availability of funds, locally-elected county committees are authorized to implement ECP for all disasters except drought, which is authorized at the national level. County FSA committees determine land eligibility by conducting onsite damage inspections that take into account the type and extent of damage.

For land to be considered eligible for ECP assistance, the natural disaster must create new conservation problems, which, if left untreated, would: (1) impair or endanger the land; (2) materially affect the land's productive capacity; (3) represent unusual damage which, except for wind erosion, is not the type likely to recur frequently in the same area; and (4) be so costly to repair that federal assistance is, or will be, required to return the land to productive agricultural use. Conservation problems existing prior to applicable disasters are ineligible for ECP assistance.

ECP program participants receive cost-share assistance of up to 75 percent of the cost to implement approved emergency conservation practices, up to $200,000 per *person* per disaster.

Generally, ECP participants may remove debris, restore fences, restore conservation structures, and provide water for livestock in drought situations. Since the 2002 Farm Bill, ECP has allocated more than $341 million in assistance for farmers and ranchers whose land was affected by natural disasters, including:

- $153.0 million for hurricanes;
- $97.0 million for drought;
- $42.7 million for floods;
- $32.0 million for wildfires and ice storms; and
- $16.0 million for tornadoes.

In addition, Congress appropriated $199.8 million in cleanup assistance for 2005 calendar year hurricanes. FSA immediately allocated approximately $63 million to assist affected producers. Allocation of the remainder of the funding required development of an interim final rule which was published in the Federal Register on May 26, 2006.

Grassland Reserve Program. GRP is a voluntary program authorized under the 2002 Farm Bill offering landowners the opportunity to protect, restore, and enhance grasslands on their property. FSA, NRCS and the Forest Service coordinate implementation of GRP, which helps landowners restore and protect grassland, rangeland, pastureland, shrubland and certain other lands and provides assistance for rehabilitating grasslands. This program conserves vulnerable grasslands from conversion to cropland or other uses and conserves valuable grasslands by helping maintain viable ranching operations.

Grasslands make up the largest land cover on America's private lands. Privately-owned grasslands and shrublands cover more than 525 million acres in the United States. As of October 2005, FSA has enrolled 2,500 contracts in 10-, 15- and 20-year rental agreements.

Considerations for the Future

While environmental indicators clearly indicate progress in resource conservation is being made, many challenges remain and new issues continue to emerge. For example, excess nutrients impair water quality in many rivers, streams, and lakes, and hypoxia is a significant problem in the Gulf of Mexico, Chesapeake Bay, and other waters. In addition, conflicts over water availability for agriculture, environmental, and urban use are increasing as water demands increase. As one of the largest water users, agriculture has a vital interest in securing water quality and quantity. Conservation is bringing about important achievements, but more can be done, particularly for wetland and aquatic systems.

Another emerging challenge is to reduce greenhouse gas concentrations in the atmosphere, which will require more attention to achieving greater carbon sequestration in agricultural soils.

Policy Considerations

There are several broad policy considerations that should be examined, including:

- Further identifying and quantifying *specific* conservation and environmental goals which could include water quality, wetlands, wildlife habitat, air quality, soil erosion;

- Identifying and quantifying *indirect* conservation and environmental goals which could include carbon sequestration, more trees, recovery of threatened and endangered species, increased flood control, and recreation;

- Determining how to better integrate conservation programs into overall farming production, marketing, farm supports, and financial goals;

- Understanding World Trade Organization implications and developing programs that are deemed to be minimally or non-trade distorting;

- Developing tools to encourage private sector markets for environmental services; and

- Developing measures to improve performance to ensure that limited taxpayer resources are cost-effectively used to obtain goals.

In addition to identifying policy goals, attention should be given to resources needed to accomplish those goals. The use of information technology (IT) is vital for cost-effective delivery. We recognize that conservation programs can become more effective as we become more proficient in developing software. There is, however, intense competition for IT funds, which could affect program implementation.

Program Issues

There are several program considerations that should be examined as well, including:

- Should land subject to an expiring CRP contract be considered eligible for re-enrollment even if that land is no longer capable of being cropped due to an easement, conversion to trees, or inundation by water?
- Should the cropping history requirement in CRP be updated from the current base period of 1996 through 2001?
- Should CRP's enrollment authority of 39.2 million acres remain the same, be lowered, or increased? Should acreage allocations be set for the different components of CRP (general, continuous, CREP)?
- Should CRP payment limitation requirements, established in the 1985 Farm Bill at $50,000 per *person*, remain the same, be lowered, or increased?
- Should certain conservation practices such as wetlands and buffers be exempt from the 25 percent county cropland limitation?
- Should the standard for waivers of the 25 percent county cropland limitation be modified to address situations where producers are having difficulty complying with highly erodible conservation plans in a county?
- How can FSA better ensure that CRP participants are adequately managing invasive species on their enrolled lands as required by their contracts?
- Should short-term CRP contracts be authorized for saline seep control or for energy crop production?
- Should monitoring and assessment efforts be continued or expanded?
- Should GRP be amended to remove or modify the statutory 60/40 division of funding towards easement and rental agreement funding?
- Should the 2 million acre GRP limitation be clarified to mean restored acres or all enrolled acres?
- Should GRP easements remain the same, be increased, or reduced?

Conclusion

Conservation programs have provided notable achievements in both conserving and protecting our natural resources. However, several existing and emerging environmental challenges will require needed attention as we approach reauthorization of the 2002 Farm

Bill. In addition, the potential value of conservation programs as part of the income safety net will be among the many policy issues that will need serious consideration and foresight.

Again, we appreciate the opportunity to offer our observations. Thank you.

APPENDIX

Buffer and Wetland Practices in CRP, Cumulative Enrollment April 2006

Practice	Acres
Buffers	
Water and Soil Quality Buffers 1/	2,182,006
Upland Bird Buffer Initiative	99,324
Windbreaks and related practices 4/	119,603
Total	2,400,933
Wetland Practices	
Wetland Restoration-General Sign-up 2/	1,564,766
Floodplain Initiative	88,795
Non-Floodplain and Playa Initiative	17,780
Farmable Wetland Program	148,606
Bottomland Hardwood Initiative	24,736
CREP 2/	81,164
Other 3/	67,429
Total	2,000,281

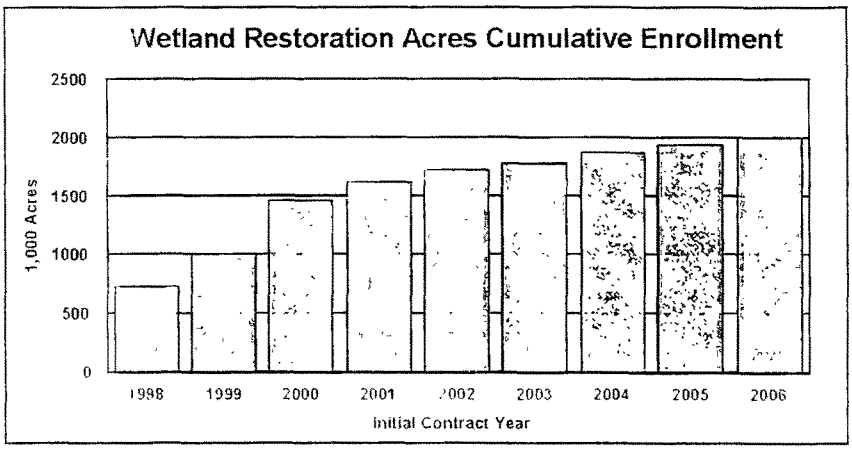
1/ Includes grass waterways, grass and forest riparian buffers, riparian pasture, wellhead protection buffers, and contour grass strips.
2/ Acres enrolled prior to moving wetland restoration practice (CP23) to continuous signup.
3/ Shallow water area for wildlife and wetland buffers on riparian pasture.
4/ Includes field windbreaks, shelterbelts, living snow fences, and cross trap wind strips.

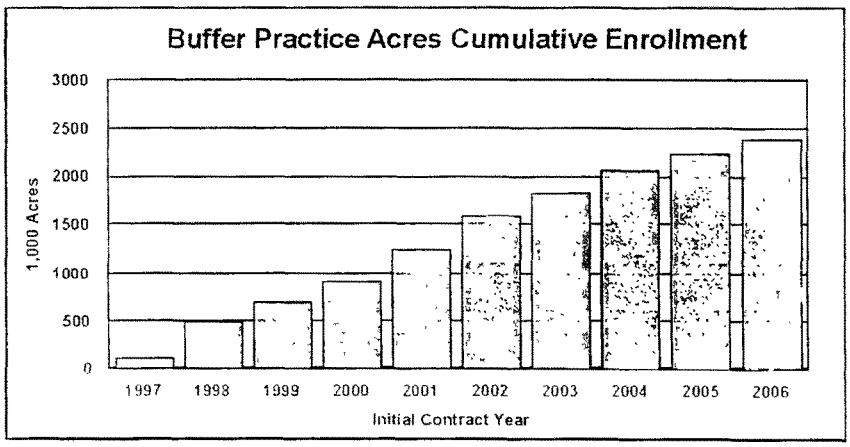
ACRES ENROLLED IN CRP BY PRACTICE TYPE AND DATE OF ENROLLMENT 1/

Data as of April 2006

STATE	TOTAL	ENROLLED AFTER '02	PRACTICE TYPE OF CURRENT 36-MILLION-ACRE ENROLLMENT			
			GRASS	TREES	WETLAND	BUFFERS
ALABAMA	492,049	47,137	133,990	322,166	413	33,407
ALASKA	29,720	299	29,212	0	303	185
ARKANSAS	218,141	63,237	37,505	100,127	24,870	54,978
CALIFORNIA	146,922	11,064	135,202	429	5,268	7,888
COLORADO	2,385,180	206,068	2,373,159	518	1,133	13,234
CONNECTICUT	318	0	235	0	0	83
DELAWARE	7,733	827	2,143	3,224	763	1,567
FLORIDA	84,461	8,334	5,853	78,387	0	71
GEORGIA	306,156	33,454	14,612	285,777	367	3,651
IDAHO	802,097	74,774	782,006	7,822	1,698	9,780
ILLINOIS	1,049,147	217,212	608,430	69,193	54,279	310,661
INDIANA	305,166	71,634	171,294	29,335	11,032	90,806
IOWA	1,953,125	296,096	1,325,538	24,728	133,978	406,607
KANSAS	3,106,225	516,162	2,613,667	2,038	7,828	75,252
KENTUCKY	351,774	61,655	271,990	8,578	3,265	59,830
LOUISIANA	290,137	97,411	42,942	184,601	54,399	7,949
MAINE	23,653	705	22,320	982	1	367
MARYLAND	85,660	9,919	22,051	1,896	3,611	58,537
MASSACHUSETTS	74	0	53	0	0	27
MICHIGAN	271,135	65,721	182,741	16,137	17,974	52,370
MINNESOTA	1,796,155	167,300	1,020,857	56,985	365,899	227,655
MISSISSIPPI	953,386	123,556	142,348	636,350	15,998	154,412
MISSOURI	1,570,837	221,016	1,375,204	28,490	11,461	86,695
MONTANA	3,491,453	172,837	3,136,597	1,175	4,813	4,282
NEBRASKA	1,287,840	202,436	1,090,638	5,201	19,087	65,850
NEW HAMPSHIRE	193	1	11	0	0	182
NEW JERSEY	2,453	416	1,978	143	4	314
NEW MEXICO	599,142	6,530	591,419	160	0	7,885
NEW YORK	63,450	10,470	46,814	2,747	301	12,964
NORTH CAROLINA	133,051	28,576	24,685	60,827	5,223	42,261
NORTH DAKOTA	3,367,406	62,090	2,434,460	2,002	785,017	27,026
OHIO	320,259	106,407	215,301	14,735	5,885	81,419
OKLAHOMA	1,058,453	71,440	1,021,640	1,141	1,565	7,078
OREGON	542,356	94,577	502,506	3,615	382	35,732
PENNSYLVANIA	217,545	91,462	193,641	2,071	1,113	19,260
PUERTO RICO	1,032	436	424	172	0	436
SOUTH CAROLINA	213,988	11,695	20,700	152,407	2,378	37,651
SOUTH DAKOTA	1,509,792	104,964	1,004,875	2,149	425,511	142,976
TENNESSEE	276,364	63,568	219,091	34,784	3,017	19,060
TEXAS	4,048,045	211,680	3,983,991	9,257	10,291	49,672
UTAH	205,350	6,590	205,028	0	0	280
VERMONT	1,689	411	116	0	3	1,571
VIRGINIA	65,613	11,364	21,238	19,798	386	24,090
WASHINGTON	1,479,743	252,565	1,363,739	2,539	3,568	109,252
WEST VIRGINIA	3,365	1,717	690	136	0	2,540
WISCONSIN	617,352	89,961	442,863	91,986	17,195	47,058
WYOMING	284,775	6,066	278,368	85	0	6,037
U.S.	36,020,158	3,901,866	28,114,316	2,264,894	2,000,281	2,400,933

1/ Sign-up 33 not included. States with fewer than 4 contracts excluded.


Wetland Restoration Acres Cumulative Enrollment
2500
2000
1500
1000
500
0
1,000 Acres
1998
1999
2000
2001
2002
2003
2004
2005
2006
Initial Contract Year


Buffer Practice Acres Cumulative Enrollment
3000
2500
2000
1500
1000
500
0
1,000 Acres
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
Initial Contract Year

ECP Allocations from Implementation of 2002 Farm Bill to Present						
State	Drought	Flood	Hurricane	Other	Tornado	Total Allocation
Alabama	76,500	162,678	14,918,100	1,250	1,141,500	16,300,028
Alaska	0	0	0	0	0	0
American Samoa	0	0	0	0	0	0
Arizona	1,291,600	713,700	0	25,500	0	2,030,800
Arkansas	5,782,500	370,000	0	1,344,797	240,100	7,737,397
California	288,000	7,037,800	0	110,000	0	7,435,800
Colorado	3,427,450	536,300	0	649,900	23,400	4,637,050
Connecticut	157,500	233,800	0	0	0	391,300
Delaware	0	0	5,300	0	0	5,300
Florida	0	0	72,592,000	0	0	72,592,000
Georgia	1,987,500	1,439,100	11,107,600	874,200	1,139,200	16,547,600
Guam	0	0	187,500	30,000	0	217,500
Hawaii	0	2,042,100	0	0	0	2,042,100
Idaho	1,605,050	50,000	0	73,300	0	1,728,350
Illinois	644,500	867,100	0	0	166,200	1,677,800
Indiana	0	572,100	0	65,400	166,000	803,500
Iowa	869,500	1,405,900	0	771,100	2,015,200	5,061,700
Kansas	1,700	1,155,000	0	0	1,262,100	2,418,800
Kentucky	2,666,100	226,900	0	7,000,000	337,300	10,230,300
Louisiana	0	0	18,012,000	20,800	137,000	18,169,800
Maine	304,000	599,000	0	3,650	0	906,650
Maryland	778,500	0	68,000	0	144,250	990,750
Massachusetts	567,000	275,000	0	0	0	842,000
Michigan	0	59,000	0	0	180,600	239,600
Minnesota	0	1,677,700	0	0	269,600	1,947,300
Mississippi	0	129,500	10,522,000	0	237,000	10,888,500
Missouri	8,850,400	1,533,750	0	0	3,621,650	14,005,800
Montana	7,451,700	779,000	0	558,000	0	8,788,700
Nebraska	1,734,300	328,300	0	196,300	1,026,700	3,285,600
Nevada	3,185,800	1,952,538	0	31,250	0	5,169,588
New Hampshire	116,000	412,000	0	0	0	528,000
New Jersey	0	1,618,500	0	0	0	1,618,500
New Mexico	3,106,450	419,000	0	22,800	0	3,548,250
New York	85,250	2,301,950	0	321,900	87,000	2,796,100
North Carolina	2,036,000	1,457,500	18,467,300	503,800	155,694	22,620,294
North Dakota	787,840	0	0	152,150	0	939,990
Northern Mariana	0	0	0	0	0	0
Ohio	3,085,800	2,109,100	766,100	1,335,800	220,550	7,517,350
Oklahoma	5,743,200	200,450	0	2,950,800	626,050	9,520,500
Oregon	1,346,100	333,600	0	159,900	0	1,839,600
Pennsylvania	501,250	391,500	1,432,700	0	46,850	2,372,300
Puerto Rico	0	0	34,900	0	0	34,900
Rhode Island	25,000	100,000	0	0	0	125,000
South Carolina	2,038,250	0	0	1,776,200	0	3,814,450
South Dakota	16,561,500	0	0	20,000	57,500	16,639,000

Tennessee	519,911	1,282,200	194,000	36,000	2,477,100	4,509,211
Texas	3,293,700	3,416,100	1,000,000	10,173,700	420,400	18,303,900
Utah	3,685,400	2,493,900	0	37,300	0	6,216,600
Vermont	524,150	212,050	0	318,000	0	1,054,200
Virgin Islands	0	0	0	0	0	0
Virginia	5,471,900	1,279,900	3,256,500	0	50,000	10,058,300
Washington	3,157,000	249,000	0	618,000	0	4,024,000
West Virginia	0	143,500	453,800	2,036,800	0	2,634,100
Wisconsin	0	34,150	0		0	34,150
Wyoming	2,938,760	159,000	0	82,500	0	3,180,260
TOTAL	**$96,693,061**	**$42,759,666**	**$153,017,800**	**$32,301,097**	**$16,248,944**	**$341,020,568**

Testimony of

Dr. James Earl Kennamer

Senior Vice President Conservation Programs

The National Wild Turkey Federation

Review of

The Workings of Current Agricultural Conservation Programs

Before The

Committee on Agriculture, Nutrition and Forestry
United State Senate

June 7, 2006

Introduction

Good morning, Chairman Chambliss, Ranking Member Harkin and Members of the Committee. I am Dr. James Earl Kennamer, the Senior Vice President for Conservation Programs for the National Wild Turkey Federation. I am a professional wildlife biologist with expertise managing wild turkeys and other wildlife on both public and private lands in the United States, Canada, and Mexico. I have worked for the National Wild Turkey Federation since 1980 and for the decade before that as an associate professor for wildlife biology at Auburn University.

The National Wild Turkey Federation is dedicated to the conservation of the wild turkey and the preservation of the hunting tradition. When the National Wild Turkey Federation was founded in 1973, there were only 1.3 million wild turkeys throughout North America. Since then, the number of wild turkeys has increased to nearly 7 million birds thanks to state, federal and provincial wildlife agencies, the NWTF, its members and partners.

Growth and progress define the NWTF as it has expanded from 1,300 members in 1973 to more than 500,000 today with 2,200 in all 50 states, Canada, Mexico and 14 other foreign countries. With that growth has come impressive strides in wildlife management as the NWTF has forged dynamic partnerships across the country. Together, the NWTF's conservation partners and grassroots members have raised and spent more than $224 million on conservation projects. This investment has helped conserve and improve more than 9.6 million acres of wildlife habitat and uphold hunting traditions.

I appreciate the opportunity to appear before the Committee today to present the NWTF's views on our current agricultural conservation programs, and to share ideas for improving them.

Conservation Programs are Working

I am happy to report that our federal agricultural conservation programs work well. Together, we are putting conservation on the ground, helping landowners and producers as well as our communities, land and wildlife. We have invested wisely in our children's future.

It is important to understand that today's positive state of affairs with our agricultural conservation programs has been an evolution. We have had some setbacks. But the fact is we have expanded agricultural policy beyond production and food safety to include public benefits such as wildlife, water, and soil conservation. These programs which leaders like you have created will continue to improve as we find better ways to conserve soil, water, air and wildlife while enhancing the lives of farmers and forest landowners.

The federal agencies charged with delivering these programs continue to find better ways to get the job done. We recognize the success of agencies such as the Natural Resources Conservation Service, Farm Service Agency, state wildlife and forestry agencies,

Conservation Districts, and a multitude of non-governmental organizations. We may not always agree, but we believe the success of many of our federal conservation programs has been a result of this team effort.

The NWTF strongly believes that a robust conservation policy carried out through agricultural conservation programs can improve the nation's soil, water, air, wildlife and economy. These positive impacts can be made largely within the conservation programs currently authorized and administered under the 2002 Farm Bill. However, these programs must be funded as authorized, and we have to do a better job of involving third party technical service providers.

Together, the Farm Bill's core conservation programs, EQIP, CRP, WHIP, WRP, FLEP and the Forest Stewardship Program (FSP) seek to encourage agricultural producers and landowners to better manage their land with a conservation ethic in mind. The NWTF strongly supports these goals and the conservation programs that seek to achieve it.

Today, I would like to share with you our observations on several conservation programs and provide recommendations for improvement.

Healthy Forests (FLEP and FSP)

Maintaining forestland is a major challenge because it continues to be driven by economic value, causing many forests to be converted to housing developments. By improving the quality of our forests for the benefit of wildlife and landowners, we can work to keep our forests intact. Our nation's forests supply more than 50 percent of freshwater flow to the lower 48 states. An estimated 180 million people depend on forests for their drinking water. Unfortunately, more than 44.2 million acres of private forest are likely to be lost to housing development in the next three decades. If so, these acres will no longer be providing the same benefits to clean water, air, forest products, and wildlife habitat.[1] The facts are clear, if a landowner can't make a profit off their land, they will usually sell it when the price is right. The best tool we have to at least slow the process of forest fragmentation is to provide effective technical assistance to forest landowners and incentives to practice good conservation.

Technical assistance and cost-share programs are critical for several reasons. First, technical assistance provides the information landowners need to improve the profitability and ecological function of their forest. Because most landowners are not trained as natural resource managers, they often lack the knowledge of active forest management, which is necessary to achieve their goals. A vast amount of heavy science has been completed, and we generally know what works. In addition, we have 33 NWTF wildlife biologists on staff implementing good conservation practices in every state. The best tools to actively manage a forest include timely tree harvest, thinning stands,

[1] Stein, S.M., R.E. McRoberts, R.J. Alig, M.D. Nelson, D.M. Theobald, M.E. Eley, M. Dechter and M. Carr. 2005. Forests on the Edge, Housing development on America's Private Forests. USDA Forest Service, General Technical Report PNW-GTR-636

prescribed fire and removal of invasive plant species, just to name a few techniques. For example, many species of currently declining wildlife are species that need varying age classes of timber.[2] Bobwhite quail, ruffed grouse, and the golden-winged warbler are several examples of species declining because active forest management is not widely practiced. Wild turkeys need a variety of forest stand ages to meet their annual needs for food and nesting cover. Although the wild turkey needs some older-growth forest, clear cuts and thinned timber stands are necessary as well.

The Forest Stewardship Program (FSP), administered by the USDA Forest Service State and Private Forestry, is one of the best programs ever developed to help private forest landowners. Through this program, natural resource professionals have written more than 260,000 forest management plans improving almost 30 million acres of land. Because the state forestry agencies, in collaboration with other state and federal agencies, deliver this program, the FSP provides outstanding technical assistance to our nation's forest landowners. However, the program does not provide cost share assistance to landowners; therefore it falls short of what it could accomplish. It is imperative that we allow for cost-share funding for forest landowners so we can teach them how to actively manage their forests for wildlife, and long-term economic viability.

Providing technical and cost-share assistance is a financial investment that returns revenue to our communities and state and federal governments. By producing healthier, sustainable forests, state and local governments benefit from more forest-related jobs and increases in tax revenue. The NWTF strongly urges your continued support of the Forest Stewardship Program.

Perhaps our greatest issue regarding forestry conservation programs is with the Forest Land Enhancement Program. The Forest Land Enhancement Program (FLEP) is a well-intentioned program this Committee authorized and funded, yet FLEP has had its authorized funding diverted to other uses despite full Farm Bill authorization and strong support. As we stated earlier, cost share programs for forest landowners are critical. Most landowners would do more conservation practices if they had cost-share funding.[3] Without substantial and consistent funding, future efforts to improve forest management on private lands through this and other programs will suffer. To improve forest management, we support full funding of the FLEP as approved by Congress, plus continued funding at no less than current levels to reach the goals of the program.

Forests and Working Lands Programs (CRP, EQIP, WHIP, WRP)

Even incidental woodlands associated with agricultural operations can provide valuable wildlife habitat when actively managed. The wild turkey and bobwhite quail are two popular game species that significantly benefit from agricultural practices, especially

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[2] Hunter, W.C., D.A. Buehler, R.A. Canterberry, J.L. Confer, and P.B Hamel. Conservation of disturbance-dependent birds in eastern North America. Wildlife Society Bulletin 2001, 29:440-455.

[3] J.D. Esseks and R.J. Moulton. 2000. Evaluation the Forest Stewardship Program through a National Survey of Participating Forest Land Owners. Center for Governmental Studies, Northern Illinois University.

when actively managed forests are available. In addition, the wildlife benefits of many conservation practices offered through the Farm Bill could be improved with more attention towards forest management. Specifically:

The Environmental Quality Incentives Program (EQIP) promotes agricultural production and environmental quality as compatible goals, and optimizes environmental benefits. EQIP provides cost-share payments and other incentive payments to producers to address soil, water and related natural resource concerns. Although half of the EQIP funding is directed to agricultural waste management, landowners have successfully used this program to cost-share activities such as prescribed fire, invasive species management, planting wildlife openings, and timber stand improvement practices.

The NWTF strongly supports the goals of EQIP. Agricultural production done right is compatible with environmental quality. EQIP has enhanced biodiversity. However, approximately one percent of EQIP funds are spent on forest management, and only about five percent of funds are for wildlife. Overall, this $1.1 billion dollar program in 2006 spends less than $10 million annually in forestry cost-share assistance to landowners.

In addition, there is a need for more cost-share and technical assistance to private landowners. The types of practices needed differ according to region. In the Southeast, thinning, prescribed fire and control of mid-story hardwoods are needed. The Northeast requires improving timber stands, managing spring seeps, and establishing more diverse stands of timber.

The NWTF recommends strengthening the regulations and underlying law to implement EQIP to ensure more funds are targeted to wildlife activities that improve the biodiversity and health of our forests. In addition, we believe an increase in funding will further enhance opportunities to improve wildlife habitat, including forests. Finally, we believe that EQIP should require more contribution agreements to allow NGOs to assist private landowners without going through the cumbersome technical service provider process.

Another area of improvement we recommend, especially in EQIP and WHIP, is matching the appropriate technical assistance (TA) professionals to the job at hand. For example, a forester or wildlife professional with the appropriate training should be consulted when developing EQIP contracts on forestland or when the practice targets wildlife habitat. More appropriate technical assistance can be accomplished by continued partnering with state wildlife and forestry agencies, and non-governmental organizations.

The Conservation Reserve Program (CRP) has an excellent long-term track record for providing landscape-level conservation of soil, water and wildlife habitat throughout the country, especially since signup number twenty, when significant wildlife benefits were added. In addition to serving its initial objective to conserve soils on highly erodible lands, the CRP provides significant wildlife habitat, especially for many grassland species. This voluntary program is popular with landowners.

Future funding of this program is critical, not only for protecting soil and water, but for wildlife as well. However, to further this mission, additional incentives such as higher rental payments, extended contracts, and improved mid-contract management are necessary. The NWTF recommends a minimum continued CRP enrollment of 39.2 million acres, at 2002 Farm Bill levels.

The NWTF also supports continued refinement of the Environmental Benefits Index (EBI) to further produce high quality wildlife habitats. In addition, the NWTF suggests encouraging wildlife-friendly plantings on CRP land such as hardwoods, longleaf pines, native grasses and forbs. On-the-ground application of certain practices should be improved to better address wildlife habitat. For example, many seeding rates for native warm season grasses are too high to adequately address one of the program's national priorities of promoting at-risk wildlife habitat. In this example, seeding rates are more aligned with grazing priorities than providing cover for wildlife .

We support re-enrollment of loblolly pine CRP contracts in the Southeast, but we recommend limiting compensation to mid-contract cost-share maintenance for wildlife habitat. These existing loblolly pine stands offer minimal wildlife benefit if unmanaged and the likelihood of these plantations being removed and planted back to row crops is unlikely. As such, enrolling large acreages of loblolly pines into CRP comes at the expense of hardwoods or longleaf pine acres that will likely provide more long-term, diverse wildlife habitat.

We support providing higher incentive payments and longer-term contracts for landowners willing to plant hardwoods and/or longleaf pine where appropriate. These species offer significant environmental and public benefits over other species such as loblolly pine. We also would remove restrictions on Continuous CRP which prevent incidental grazing around harvested cropland. This current restriction is a significant obstacle to many landowners due to required fencing under the current regulations.

Finally, and we understand this is sensitive, we would urge the Congress to provide enough funding for FSA to have full time employees to manage compliance of these contracts. The agency is doing about as good as they can with the constraints placed on them by OMB. However, most of the concerns we have about CRP could be addressed by having ample numbers of qualified wildlife science professionals to ensure producers are in compliance. This would avoid the bad ecological mistakes like broadcasting herbicides over entire plots of mostly native grasses to control isolated cases of invasive plants. Broadcasting kills the invasive species and the beneficial native ones as well. Mr. Chairman, we can't use only technology to accomplish this kind of oversight. It requires a well trained professional who builds a relationship with a grower and gets the job done right. In the end, everything we do is really about people. We must work one-on-one with landowners to be successful.

The **Wildlife Habitat Incentives Program** (WHIP) has provided significant benefits to both agricultural producers and wildlife. The NWTF supports an increased emphasis in WHIP toward managing native plant communities and increasing biodiversity. Currently, states often target WHIP funding to benefit one or two species of concern, such as bobwhite quail and the American woodcock. However, we recommend that WHIP broaden the number of targeted species and place more focus on the long-term benefits of a practice (such as prescribed burning or targeted mast producing oak planting).

Previously, WHIP has seen dramatic cuts in the amount of funding that is ultimately appropriated. From 2005 through 2007, WHIP was approved at $85 million annually. However, only $45 million was provided. NWTF supports funding for WHIP at $85 million annually.

The **Wetlands Reserve Program** was designed to restore wetlands in cropland areas and develop habitat for wetland-associated wildlife, especially threatened and endangered species. WRP provides suitable habitat for many species of wildlife, especially since the program includes management on upland areas in addition to wetland areas. WRP was authorized in the 2002 Farm Bill to enroll up to 3.275 million acres. Lands are enrolled through the use of permanent and 30-year easements, restoration cost-share agreements, or some combination. We feel this is an effective program that benefits the resource and is popular with landowners. NWTF strongly supports continued funding for WRP and recommends that the Congress maintain and fully fund the annual enrollment of 250,000 acres.

Building Public Support for Conservation and Farm Programs

Public Access/Hunter Access: Hunting is an American tradition with nearly 18.5 participants that annually contribute over $30 billion annually to our economy. Opportunities for public access to hunt private land are an economic benefit to local communities, the hunting industry, and the general public as a whole. .

To increase the benefit of agriculture conservation programs to all citizens, we support adding additional points to the Environmental Benefits Index (EBI) for landowners that open their land to public hunting. If two properties rank equally, the landowner willing to open their land to public access should have preference for funding eligibility.

The NWTF supports providing incentives to open private lands to hunters, anglers and trappers. These incentives could be provided through additional points or direct incentive payments given to landowners who open their land. NWTF supports private property rights and would never support forcing landowners to void those rights, but many landowners are willing to provide access to sportsman. Incentives or rewards should be provided for the benefit of more access to green space while broadening support for farm and conservation programs.

CONCLUSION:

In summary, Mr. Chairman, the NWTF believes that our agricultural conservation programs protected and enhanced wildlife habitat, while providing other conservation, hunting, and recreation benefits.

With some moderate administrative and statutory adjustments, and improved mechanisms to protect the funding promised for conservation, NWTF is confident these programs can provide even greater future benefits to wildlife, people, and the economy. Please know that NWTF stands ready to work with you to craft these adjustments over the months to come, and to invest our own funding and sweat equity into these conservation efforts.

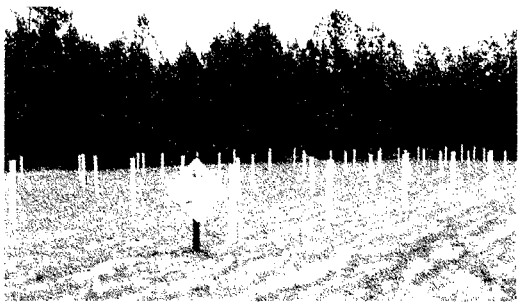
Thank you again for the opportunity to share our comments with you today.

I will be pleased to answer any questions that you may have.

National Wild Turkey Federation's Partnerships to Help Private Landowners *A Few Recent Success Stories*

Operation Oak

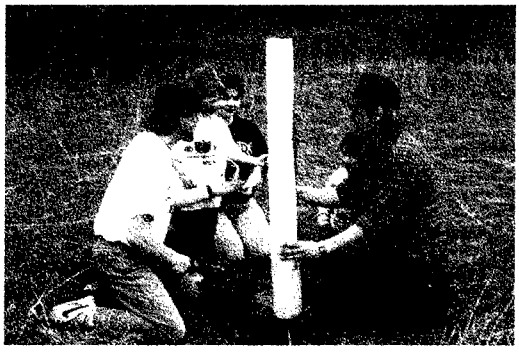
A partnership project between the Natural Resources Conservation Service and the NWTF



- Since 2000, over 150,000 seedlings were planted for wildlife impacting 240,000 acres of private and public land across the Southeast.
- In 2005, the NWTF's Operation Oak program planted 44,000 oak seedlings across the Southeast impacting over 70,000 acres.
- In 2006, the program planted 66,000 oak seedlings on 105,000 acres.

Indian Creek Wildlife Habitat Restoration Initiative, South Carolina

This landscape-level project impacts over 16,000 acres of private and public lands to improve forest health and wildlife habitat for species that depend on grasslands and similar habitats and to benefit local landowners.



- Project partners include: USDA Forest Service, Natural Resources Conservation Service, South Carolina Department of Natural Resources, South Carolina Forestry Commission, Clemson Cooperative Extension Service, Quail Unlimited, East Piedmont Resource Conservation, Plum Creek and Development Council and private landowners.

Illinois Wildlife Habitat Education Program

A partnership with the Natural Resources Conservation Service to educate landowners about wildlife management techniques they can use on their property, to develop whole-farm resource plans, and to assist the NRCS with WHIP enrollment.

- In 2005, 12 statewide field days were conducted reaching over 600 landowners and 40 detailed management plans were written.
- This year, 4 demonstration farms are being selected to showcase wildlife management techniques, and 110 whole-farm resource plans are being written for private landowners.

National Association of Conservation Districts (NACD)

Conservation Districts and the NWTF are pooling efforts to educate landowners about Farm Bill programs through field days, associated publications and media outlets, and individual projects at state and local levels. Some examples of current projects include:

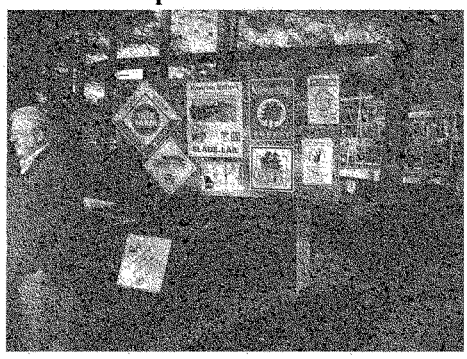
- Funded temporary technician to enroll and monitor 4,000 acres of CRP and CSP lands in Missouri allowing NRCS and FSA employees to concentrate on writing conservation plans for CSP/CRP and reduce backlog in other Farm Bill program participation such as WHIP and EQIP.
- Purchased equipment for use by Conservation District and private landowners and developed an educational arboretum at a local school, all to improve or create wildlife habitat on private lands and educate the public about conservation in Missouri, Pennsylvania and Minnesota.
- Cooperatively conducted a field day in Tennessee for 250 landowners demonstrating forest stand management, eradication of invasive plant species and the restoration and maintenance of native warm season grasses through prescribed burning on a local working farm.

Hunting Heritage Club

An outreach effort to assist landowners and farmers in managing their land for wildlife. Currently, there are over 50,000 members in this new program. The program offers a magazine, *Get in the Game,* which is a counterpart to the NWTF's highest rated television show, also by the same name, airing on the Outdoor Channel. The Hunting Heritage program also offers landowner field days throughout the country.

We have recently partnered with the Georgia and South Carolina Forestry commissions, Georgia Pacific, Mead/Westvaco and Weyerhaeuser Company to distribute the *Get in the Game* magazine to forest landowners and hunters.

State Forestry Partnership/Forest Stewardship



- Currently, NWTF has a partnership with the Georgia Forestry Commission and the NRCS providing NWTF wildlife biologists to help landowners develop resource management plans and enroll eligible landowners in the WHIP and EQIP programs.

- Current partnerships with Georgia and South Carolina State Forestry include a newsletter in the NWTF *Get in the Game* magazine highlighting Forest Stewardship that will result in increased Farm Bill program participation.

National Association of Conservation Districts

Testimony
of
Olin Sims
On behalf of the
National Association of Conservation Districts
Before the
Senate Agriculture Committee
Oversight Hearing on the Conservation Provisions of the 2002 Farm Bill
June 7, 2006

Good Morning, I am Olin Sims, President Elect 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 3000 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 volunteers 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 778 million acres of private land. NACD believes that every acre counts in the adoption of a conservation practice. 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 provide 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 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; and
- 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.

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.

I talked with other producers to gain a broader understanding of the implementation of additional conservation programs, specifically in Wyoming, but also in talking with my fellow board members at NACD. I learned is that frequently a producer is thinking about one program, but ends up with another. This can be due to a lack of sufficient funding, wrong geographic area, or inability to qualify. I have seen this with the implementation of the Conservation Security Program (CSP) in Wyoming. CSP was not available in my watershed, but in talking with Districts in the two Wyoming watersheds where the program was available, increased participation in other conservation programs was observed. A producer intended to apply for CSP but may not have qualified, or may have missed the deadlines and then took advantage of other programs, such as EQIP. By enrolling in other programs, the producer may put himself in a better position to qualify for CSP should it be offered again. The agency motto for CSP is "reward the best and motivate the rest." This is an example of motivating the rest. Producers are taking a look at the impacts their own operations have on the landscape. They are also looking to conservation to assist them in improving those operations.

The 2002 Farm Bill authorized increases in conservation funding that by 2007 will be 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, as opposed to conservation spending prior to 2002, in which the bulk of conservation spending was 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, so 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 CRP and WRP, keeping our remaining cropland in production while funding conservation practices on that land may be a more cost-effective and environmentally viable option for existing working lands.

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 3 percent and grassland increased one percent. These numbers demonstrate the continued changing landscape that Conservation Districts are serving. We see greater pressure on the rural/urban interface as cities and suburbs continue to grow, creating new and different resource problems and new landowners/mangers. As residents move out of the city to that rural residential area, they may not have an understanding of which conservation practices or habitat is appropriate for their land – or even that their management style is 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.

The comments we are providing to you today are based on our work at the local level as part of the USDA program delivery system. We are talking with the landowners and those using the program, providing education, outreach and working to focus programs on the local resource needs, whether it is water quality, soil erosion or endangered species habitat management or other local priorities. Our goal is to provide you with the "real world" perspective of how the programs are working across the country.

As with any program, we have heard that the implementation of each of the 2002 conservation programs varies from state to state. Not all programs impact each region of the country in the same way – some are just not options for producers in a specific state, so we must continue to focus on a menu of options for conservation assistance. Local priorities should be integrated into conservation programs. No conservation program can be successfully implemented from a national level and participation in work groups at the local level best direct program implementation to the greatest resource need in the community.

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 by conservation districts and comprised of federal, state, county, tribal and local government representatives coordinate local program delivery. Participants could include FSA county committee member, cooperative extension agents and state/local/tribal officials. The

work groups establishes program delivery priorities and can recommend eligible conservation practices, and recommend cost share levels and payment rates. The local work group is utilized to aid in the implementation of several conservation programs. As with most of our comments here today, utilization of this method of local input for implementation of the programs as required by the Farm Bill varies from state to state.

NACD was pleased with the overall funding commitment provided and conservation program options 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 must also stress those alterations of the 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 last year 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 would hope that a better system could be developed to provide emergency aid and disaster assistance without redirection of these resources.

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 a reduction in soil erosion and increasing wetland acres. Last month USDA released sold 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. Programs have protected farmland from development and protected wetland areas through easement programs.

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 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 erodable 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 installed, 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 operation and help them design strategies to the resources 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.

Technical assistance has been a key component in working with livestock producers to understand the EPA AFO/CAFO regulations. District staff and NRCS personnel helped to 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.

Conservation technical assistance is also used to assists 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 to install and maintain complex conservation practices on the landscape. The technical assistance from NRCS field staff, along with the resources conservation districts and state conservation agencies provides 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. But it's the combination of the two that makes America's conservation delivery system efficient and effective.

A concern that we hear from many of our local conservation districts is focusing conservation technical assistance only for specific Farm Bill programs therefore not providing general technical assistance. NACD understands the need to fully implement each of the farm bill conservation programs, which we support, but feel that conservation technical assistance at the local level should not strictly be tied to a farm bill program. Districts across the country engage landowners that may not seek federal cost-share programs or financial assistance, but would like technical assistance. Whether they are limited by acreage, size of operation, or have sufficient funds to make capital conservation investments without federal cost-share or program dollars, local offices must be able to serve all landowners. We acknowledge that there is a backlog of contract implementation through federal farm bill conservation program where contracts are approved but need technical assistance for complete implementation. This backlog should be addressed, but not at the loss of providing more general technical assistance. We cannot loose the ability to provide this critical technical assistance to meet the needs of local landowners.

In 2004, Congress passed legislation to ensure that each conservation program provide 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 and without adequate funding, knowledgeable staff and committed local partners, the full benefits of conservation programs and practice adoption cannot be realized.

The EQIP program has been widely successful across the country. Even with the substantial increase in funding provided in the 2002 Farm Bill, the demand exceeds the available dollars. The input from the local level is instrumental in making this program successful. Local work groups are utilized in setting priorities and allowing for targeting the program to local conservation needs. We hear that in many states there is a backlog of EQIP projects that have been approved but not yet implemented and feel it is crucial to have the personnel on the ground to administer these programs.

The Conservation Innovation Grants have been utilized to encourage new technology and creative conservation practices, and several of our Districts have applied for these grants. One example from Georgia is the Flint River Soil and Water Conservation District's project on Flint River irrigation water and crop management technology integration. This project received $252,000 in fiscal year 2005. This project is to enhance irrigation scheduling through the use of handheld computer devices that can be used in the field.

NACD was a strong advocate for an incentive based conservation program and supported the Conservation Security Program in the 2002 Farm Bill. In the development of the program, creation of regulations, and actual implementation, the program changed significantly from our original concept. We hoped for a program that was easy for producers across the country to understand, resulting in graduated support for increasing adoption of conservation practices. Unfortunately, the result was an extremely targeted program with complex implementation. The reaction to the CSP program across the country is mixed. Some states have been very successful in implementation. Local districts relate that those who can access and participate in the program, like the program, but those who do not have access feel at a disadvantage. We also hear that the program is too complicated – both with general understanding of program design and application complexity by the producer, coupled with limited watershed-based availability and lack of additional on the ground assistance needed to implement the program. There needs to be a greater effort at education of producers and others about the program. The continued funding changes and the availability of the program have complicated the implementation and underscore a need for further education.

In Iowa, NRCS, with the assistance of conservation districts, conducted state wide producer pre-signup meetings once the CSP program was finalized. They followed up with additional meetings in key watersheds where the program was likely to be offered. Now producers across the state are asking, "Why can't we all apply?" These early education efforts introduced producers to the program, explained the operation and resulted in the success of the program today.

The Conservation Reserve Program was long thought of as the main conservation program of the Farm Bill. In 2002 the conservation program options expanded, but CRP remained a focal point

of the conservation portion of the Farm Bill. As this committee knows, many of those long term contacts under CRP are expiring over the next few years. Between 2007 and 2010, the contracts on 28.5 million acres will expire. USDA has started the reenrollment process with higher offers for the most environmentally sensitive lands, a process that NACD supports. However, NACD members across the country are not uniform in their views on CRP. In the South, our members believe there should not be a general re-signup for CRP. With significant resources dedicated to the CRP program and land retirement, NACD believes overall conservation funding should be balanced between working lands and land retirement programs.

The CRP program and its components – the Conservation Reserve Enhancement Program (CREP), the Farmable Wetlands Program and the continuous sign-up have been popular across the country. NACD believes that targeting CRP to the most environmentally sensitive lands should be the focus of the program. The CREP program has been tremendously successful in partnering federal and state funding in a targeted area for greater conservation benefits. Twenty eight states have entered into at least one, if not several CREP agreements with the Farm Service Agency.

The most recent CREP agreement was in Colorado where USDA signed two CREP agreements earlier this year. The Republican River CREP focuses on conserving irrigation water use in the basin on 30,000 acres. The CREP is expected to restore riparian habitat and wetlands, reduce soil erosion and reduce the application of agricultural chemicals. The High Plains CREP focuses on increasing populations of pheasants and ground-nesting birds on 30,000 acres. Federal assistance is $72.7 million and state assistance is $18.9 million over a 15 year period.

Nine years ago, the first CREP agreement was signed in Maryland to protect the Chesapeake Bay from nutrient loading and enrolled 72,000 acres. Maryland updated that agreement last year for an additional 100,000 acres. The next agreement was signed in 1998 in Minnesota addressing water quality and wildlife on the Minnesota River. Minnesota singed its second CREP agreement in 2005. The CREP program continues to be successful from its beginning in 1997 to the present day and our local districts look forward to working with new CREP projects in the future.

The Grasslands Reserve Program has been very successful; however it has been limited by funding. The funding available from the 2002 Farm Bill ($254 million) has been fully utilized prior to reaching the acreage cap of 2 million acres, making the program unavailable for 2006 and 2007. The GRP program is just another excellent program that helps maintain open spaces around growing communities and helps keep our working lands from being developed at a higher rate. Keeping working lands in production, whether it's in crop production, grazing or timber is important to our local communities and economies.

NACD worked to provide recommendations on the Technical Service Provider initiative (an initiative that we would like to be more successful than its current operation). We believe the TSP initiative has been hampered by issues of liability and reimbursement rates. The liability surrounding a private entity vs. the federal government providing assistance has resulted in high

liability insurance costs and therefore higher rates charged by TSPs to cover the additional insurance costs. The reimbursement rates provided by NRCS do not seem to be adequate to cover costs which have limited the utilization of TSPs. There is a growing amount of technical assistance that is needed to increase program participation and address backlog and the TSPs, including Districts, can help, but the initiative needs to be refined to be successful in addressing the demand for assistance.

The Wetlands Reserve Program (WRP) has contributed to re-establishing or maintaining wetlands in traditional agricultural areas, resulting in no net loss of agricultural wetlands. This trend reverses years of wetlands loss due to agriculture production and puts us on the path to net gains in wetlands across the country. Wetlands are important for wildlife habitat and WRP is supported by farmers and wildlife organizations across the country. The program is oversubscribed with high demand in the South, Midwest and California.

The Farmland and Ranchland Protection Program has been very successful in maintaining farmland production in the areas of the rural/urban interface currently threatened by development. This program is broadly supported and has protected over 400,000 acres of farmland (approved and pending easements). The program builds on many state operated programs, and work of local and non-governmental organizations that purchase easements to maintain farmland in agricultural production. FRPP leverages federal dollars by partnering federal funding with existing funds at the state and local level. Another critical program that helps to keep our farms and ranches intact across America. One of the most successful state programs is in Pennsylvania where the states purchases easement to protect farmland from development through the Purchase of Agriculture Conservation Easement (PACE) program. The PACE program has preserved 300,000 acres of farmland.

The Wildlife Habitat Incentives Program, working with landowners through cost-share increase wildlife habitat with priorities on threatened and endangered species habitat. We have heard support for this program from areas that can be considered "non traditional" agriculture, including municipalities and areas in the urban/rural interface. This program provides a unique focus habitat restoration, and broadens the scope of Farm Bill conservation programs to address increasing pressures on farmers and ranchers from the Endangered Species Act.

NRCS works with local watershed sponsors on watershed projects as authorized under P.L. 83-566 and P.L. 78-534. In the 2002 Farm Bill, mandatory funding was provided and appropriation authorized to carryout small watershed rehabilitation projects. The issue of the current condition of the dams constructed over the last fifty years under the watershed program is a matter of great concern. Many of the 11,000 plus dams that NRCS assisted in building throughout the United States, no longer meet current dam safety standards. This situation exists largely as a result of development and land use changes both up and downstream. Structures originally built to protect farm land now receive increasing run off from upstream while protecting homes and lives rather than simply cropland downstream. There is a serious need to upgrade these dams to current standards immediately. Critical funding for rehabilitation efforts that was secured in the Farm Bill has not been provided. These dams across the country are in need of repair and

rehabilitation to ensure flood control protection. Watershed projects nationwide not only provide flood control protection, but have resulted in over 9 million acres of wildlife habitat, over 200,000 acres of wetlands (created or enhanced), over 25,000 miles of enhanced stream corridors and reduced sedimentation nearly 50 million tons per year.

There are a few areas that NACD believes are not being fully addressed by the conservation programs of the 2002 Farm bill. Conservation districts not only work on that 52 percent of land in the US that is in agriculture production, but most all land in the US falls within a conservation district, and we must focus our resources on all of these lands. In the West we hear from our members about more integration of conservation programs on Federal lands. While this may pose jurisdictional issues, we believe there could be additional conservation gains on this land through coordinated efforts with Federal land management agencies. Forestry issues have also not fully been addressed through conservation programs, with limited funding for the Forestry Land Enhancement Program. More and more districts are concerned with the lack of conservation assistance for private forested lands and see opportunities for conservation benefits. Across the country, the landscape is changing as urban areas spread further into what have traditionally been rural or agricultural lands. The increase of the "ranchette" or small farming operation on the outskirts of town, as well as increased land development creates demands on the rural/urban interface applicability of Farm Bill conservation programs and general technical assistance. These areas are frequently more demanding in terms of working with a landowner that is not knowledgeable about conservation practices and appropriate utilization of their land. Coordination with other federal agencies for conservation on federal lands, forestry and the rural/urban interface are areas that have not fully benefited from the 2002 bill.

Conservation Districts work to identify local resource concerns, help prioritize funding and the focus of projects to have the greatest conservation and environmental benefit in the local community, benefits that are provided both to the landowner and the public. 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 community and for our environment.

The 2002 Farm Bill was a hallmark for conservation in this country—it offers a sound mix of programs and resources to build upon for the future. 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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Testimony
U.S. Senate Committee on Agriculture, Nutrition, and Forestry
June 7, 2006

Mr. Chairman and Members of the Committee, my name is James O. Andrew, and I am here representing the Iowa Soybean Association, as a farmer director and as a fifth generation corn and soybean farmer from west central Iowa.

As most of you know, seventy percent of Iowa's 31.7 million acres of farm land are planted to soybeans or corn. Iowa's farmers perennially rank among the top states in corn and soybean production, and often lead the nation in pork and egg production, thanks to the availability of the plentiful and reasonably priced feed crops.

Factors contributing to the state's high yields and high crop acreages include the rich soil and a hydrologically modified landscape that is relatively flat to gently rolling. These same factors also contribute to sediment and nutrient pollution in many of Iowa's lakes and streams.

Today I represent the Iowa Soybean Association--the largest state-based, row crop commodity organization in the country, with over 6,100 dues paying members. We have become a pioneer among commodity groups in our aggressive pursuit of methods employing agriculture information technology and leadership at multiple scales helping growers improve their agronomic, economic and environmental performance.

Our farm is located in the North Raccoon River watershed, which drains some of Iowa's richest farmland. ISA has been working with farmers in the Raccoon Watershed for over 15 years to help them find ways to voluntarily reduce nitrogen use to make them more economically and environmentally sustainable within the Iowa landscape. The Raccoon River supplies drinking water to Des Moines, Iowa's largest city, so our efforts are under constant scrutiny from non-agriculture interests.

As a lifelong steward of the land, I would like to thank you and the committee for the vision and leadership you displayed in crafting and passing the conservation provisions of the 2002 farm bill. It was, and still is, an unprecedented commitment by the U.S. government to help the nation's farmers meet not only their personal stewardship goals, but also to begin making progress toward improving agriculture's environmental performance. At the time of its passage, I believe President Bush said it is "the single most significant commitment of resources toward conservation on private lands in the nation's history". However, as time passes and other priorities present themselves, I , and many of my fellow farmers fear that solid commitment to the conservation title is weakening. We believe there is good reason to review and reinstate the committee's original scope and intent.

To give you the real picture, let me review USDA working land conservation program implementation in Iowa. While funding has increased significantly over the past 4 years, USDA data shows that only a small percentage of farmers actually gain access to programs and ultimately participate. Contracts on Iowa's working lands increased from 461 in 2002 to 3,531 in 2005. These figures illustrate that there is increasing interest in these programs, but those contracts still represent only about six percent of the over 60,000 Iowa farmers on working lands. The FY 2006 Environmental Quality Incentives Program (EQIP) in Iowa funded slightly over 1,500 contracts. However the NRCS has a backlog of 1,500 applications from farmers who want to apply practices but cannot be funded.

Funding levels and rules for program participation, particularly with the Conservation Security Program (CSP), leave farmers with no certainty that they will be able to participate.
About $1 billion was removed from CSP this year, primarily due to Hurricane Katrina relief and the war in Iraq. As a result only about 60 percent of the originally intended watersheds are eligible nationwide. Overall, $3 billion has been removed from the original CSP appropriation since 2002. Due to previous caps placed on the program in annual appropriations bills, the program has only been available in selected watersheds around the country. If allowed to stand, the $280 million cap proposed in the current House Agricultural Appropriation bill will result in few if any new watersheds becoming eligible for CSP in 2007. We must design more inclusive programs with adequate funding levels in the future if we expect to make significant progress in addressing agriculture's conservation needs.

We would like to see full funding of the Conservation title of the Farm Bill -- specifically, the CSP and EQIP programs-- in addition to more conservation-focused re-enrollment of lands in the Conservation Reserve Program (CRP).

On a more personal note, our farm was enrolled in the CSP and awarded Tier III status with an annual award of $45,000. Because of that distinction, I feel qualified to present my impressions of our CSP experience in Iowa. Because we've spent over 30 years using progressive conservation practices, we found the CSP enrollment and evaluation a smooth, orderly and rewarding experience. However, we were probably overqualified compared to many of our fellow farmers, and as such I feel compelled to also express their concerns with the process.

I've spoken to more than 3,000 farmers and conservationists from all over the United States in recent months. In the process of explaining the CSP program to those still waiting for their watersheds to be selected, I've heard several recurring messages. So I can give you my perspectives based both on my own experience with the program and the reactions my fellow farmers have shared with me.

Though we recognize the enormous task of defining and implementing a new program such as CSP, many farmers are becoming disillusioned and frustrated with the slow pace of program implementation. The ever-changing rules and budgetary constraints differ greatly from the way the program was originally explained to the U.S. farmer, and are causing some farmers to give up even before they enroll. As time goes on and budgets shrink, the program does not resemble the one presented in the early years.

The "selected watershed" concept has led to rules and regulations which vary greatly from watershed to watershed and state to state. This is particularly hard to justify to farmers who are used to rules that are fairly and consistently implemented nationwide. It appears to many farmers that these rules were developed mainly to restrict farmer eligibility due to the limited program funding. If it were truly a watershed based program, one might expect that a comprehensive watershed plan would exist, and that individual CSP contracts would integrate with the goals of that watershed plan.

Farmers are making personal investments in conservation systems in anticipation of their watershed being selected--which may be five to eight years away. Some are going so far as hiring paid consultants to put their records and farm operations in the best condition to maximize their tier and financial reward. They have studied the CSP and are taking its provisions and promises at face value. Sometimes what they get is not what they expect.

As an example, the program originally required a fully transferable "gentleman's agreement" between tenant and landlord for the 10 year commitment. Rumors now say that those not able to live up to the original terms because of a change of ownership or tenancy will have their contracts cancelled and may be fined a portion of the proceeds already issued. This possibility is causing a great deal of concern and anguish among farmers and landlords, and will greatly limit potential participation until it is resolved.

The CSP program needs to be simple enough at Tier I to allow the maximum of initial participation while not watering down the requirements to where they are meaningless. At the same time, farmers won't enroll if the funding does not exist to support the additional enhancements required to rise to the next tier. Society expects farmers to examine and change their methods to protect our soil, water and air. CSP and all USDA conservation programs could be very effective tools to move agriculture to the next level and meet society's expectations of environmental performance. But until these programs are seen as a priority, we believe participation and results will be limited.

CSP is working to bring conservation practices back to the forefront of agriculture. I have witnessed more no-till farming, terraces, and other conservation practices being implemented in my immediate area because of the program. It is refreshing to see this move to better tillage systems. These conservation investments are paying immediate rewards to not only the farmers but to all the citizens in the area where they are adopted. Participation in the Iowa Soybean On-Farm testing network is at an all time high, and farmers are reducing their use of nitrogen fertilizer based on scientific data. The ISA On-Farm Network encourages farmers to test additional farming practices in their own operations. Research such as this, which benefits all of agriculture and the surrounding community, should definitely qualify for an enhancement payment under the CSP.

Finally, I want to share a personal note. When I realized we had been awarded Tier III and would be receiving $45,000 annually with a national signing ceremony at one of our three farm ponds attended personally by Bruce Knight, Chief of NRCS, I had some apprehensions about how my neighbors might react. I was pleasantly surprised. Of all the civic minded things my father and I have done during our lifetimes, nothing has been as well received and accepted as our recognition for CSP qualification. To this day, we are dumbfounded with the sincere congratulations and compliments from farmers and local taxpayers alike. This emphasizes to us that conservation supersedes partisan politics and is of primary importance to all citizens. Based on our experience, we feel you have a mandate to strengthen and continue the rapid implementation of CSP nationwide. We know the program works on a small scale. Provide the needed funding and support, and large numbers of farmers will work with you cooperatively to get the job done.

I appreciate this opportunity to present our views and recommendations to you, and I will be pleased to respond to any questions or comments. Thank you.

Testimony

Randall Spronk

Pork Producer, Edgerton, Minnesota

on behalf of the

National Pork Producers Council

Before the

Senate Committee on Agriculture, Nutrition and Forestry

Implementation of the Conservation Title of the 2002 Farm Bill

June 7, 2006

Washington, D.C.

INTRODUCTION

Good morning, Chairman Chambliss, Ranking Member Harkin and Members of the Committee. I am Randy Spronk, a pork producer from southwest Minnesota. My family and I operate a farrow to finish hog operation, and we raise corn and soybeans. My family also actively works with many farmers in our part of the state, raising hogs on a portion of their farmland and in return providing them with high quality manure that helps them increase crop yields and lower their fertilizer costs. I am also a proud member of the National Pork Producers Council (NPPC) and serve on its Environment Committee as its chair, and I am this morning representing the U.S. pork industry. We are very grateful to you and the Members of this Committee for holding this hearing and for this opportunity to provide you with our views on the implementation of the Conservation Title of the 2002 Farm Bill.

We know the members of this Committee understand better than anyone the significant economic contribution that pork producers make to the U.S. agricultural sector. Pork producers' farm gate receipts were approximately $15 billion in 2005, representing almost a quarter of the value of meat animals produced by US farmers, and slightly more than 10% of the total farm gate receipts received by all farmers. Pork producers, along with the other livestock and poultry producers, are the single biggest customers for U.S. feed grain producers, and our single largest expense, by far, is the feed we purchase for our animals. It is without a doubt that pork producers are strong and vital contributors to value-added agriculture in the US, 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' 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.

While our support for these programs continues today, I must tell you that the nation's pork producers overall have been sorely disappointed by the EQIP program's failure to make more than a minimal contribution to our ongoing environmental efforts. This failure has not been universal and we can point to some specific successes for some pork producers. But overall, the record is clear and we think that the EQIP program is missing a tremendous opportunity to have a dramatic effect on the environment by failing to work with many of our producers who are ready to take their performance to the next level. We reported during Congressional hearings on this topic in May and June 2004 that relatively little financial assistance was being provided to the nation's pork producers through the EQIP program in 2003. As I will outline below, this disappointing pattern continued into 2004 and 2005. The bulk of our testimony addresses the EQIP program, covered by the 2002 Farm Bill, and provides some of our observations regarding why the Program has underperformed for us. But, first, I would like to address some of our critical environmental challenges and the approach and perspective that pork producers bring to this work.

INCREASING THE LEVEL OF THE U.S. PORK INDUSTRY'S ENVIRONMENTAL PERFORMANCE

In the early and mid-1990s, pork production in this country was at the tail end of a period of intense and major changes in pork operations' size, type of production, geographic distribution, marketing, and contracting arrangements. Economics, competition, and the need to produce for and sell in a global marketplace drove these changes; it is a long and complicated story with many facets and implications. I will not go into this entire history today, but you may wish to revisit NPPC's testimony given by Mr. Jim Moseley before this Committee in April 1998, (prior to his appointment as the Deputy Secretary of Agriculture). His testimony gave a thorough accounting of the challenges we faced, at that time, and how pork producers had begun to aggressively address these issues. [1] I want to highlight some of these events that have particular relevance to protecting water quality and the subject of today's hearing.

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[1] "Testimony of Jim Moseley on behalf of the National Pork Producers Council Concerning Animal Waste Management before the Senate Agriculture, Nutrition, and Forestry Committee"; April 2, 1998. See:

http://agriculture.senate.gov/Hearings/Hearings_1998/moseley.htm

All of the changes being experienced in the hog industry in the 1990s also brought some specific new challenges regarding managing, treating, storing, and using our animals' manure. The newness of their systems, producers' evolving familiarity and surety with how to best operate and manage them, and some really tough hurricane or tropical storm-related rainfall and flooding conditions, contributed in the mid-1990s to a handful of large and catastrophic releases of manure to water. These incidents, along with similar incidents around the country and certain court decisions involving livestock agriculture, were dramatic wake-up calls for us. Fortunately, we heard those calls and decided we had to help pork producers do a top-quality job of using the best science, technology, and practical know-how available to us to work to keep manure out of water, even under tough or extreme weather circumstances. We should have seen the water quality problems of the 1990s coming, and as an industry, we know that we could have done better. We do not intend to let it happen again.

In addition to recognizing this need and making this commitment, pork producers also made a major shift in policy direction. We concluded that as an industry we needed to support and actively embrace a national set of water quality regulatory standards and guidelines that were sound, science-based, practical, and effective. We knew that our primary manure management systems, whether anaerobic lagoons or slurry storage facilities, could perform to the highest levels of water quality protections, a fact that's been borne out in the last several years by the rarity over this period of direct releases of swine manure to creeks, rivers, streams, lakes, and estuaries. For example, in the 2004-2005 year (July 1 to June 30) the two largest swine producing states, Iowa and North Carolina, had between them 35 discharges from approximately 8000 swine manure treatment or storage facilities. On average, less than one-half of one percent of all these facilities had a discharge. Our producers take great pride in these kinds of accomplishments, as they should, particularly when it is compared with the figures for the same period for other point source dischargers like municipal waste water facilities.[2]

But back in 1997, pork producers knew that without sound national standards, we would have a hard time achieving the kind of results reported for 2004-2005. More importantly, we feared that without national standards we would end up trying to operate under an extremely variable set of local and state standards, without assurance that these standards were rooted in sound and practical science. We feared that such a regulatory system would make it impossible to sustain hog production in the U.S. The first, most visible element of our

[2] For example, over this same period, municipal sewage treatment facilities in North Carolina had had approximately 2000 incidents of the discharge of human sewage into North Carolina's waters.

commitment was to actively support and participate in the 1997 National Environmental Dialogue on Pork Production.

At the core of pork producers' interest in the Dialogue was our conviction that if we were to embrace water quality regulations, those regulations must be as uniform as possible to support a level playing field geographically and across hog operations of all sizes. Looking back on the Dialogue in 1999, Mr. Glen Keppy (currently serving as Associate Administrator of the United State's Department of Agriculture's Farm Service Agency (FSA)), a pork producer from Iowa, past NPPC President and Dialogue participant, said:

> Through better and open communication, I believe that local and federal governments, conservationists, producers, and trade organizations can help insure an environmentally enhanced and viable livestock industry. For that reason, I was a member of the National Environmental Dialogue on Pork Production. It was composed of pork producers, county and state government officials, and special interest groups. We conducted a series of 12 meetings and discussed how we could work together to develop a blueprint for a level playing field so that producers could continue to produce pork in a manner consumers and environmentalists were comfortable with. You have to include everybody when you have a dialogue. You cannot just talk among yourselves[3].

The Dialogue's participants included federal officials from the U.S. Environmental Protection Agency (EPA), the U.S. Department of Agriculture, heads of regulatory agencies from six states, and five pork producers. They met for a total of 24 days over the course of 9 months to visit farms and research institutions, and to share their experiences and perspectives. Public listening sessions were held to gather information and views from concerned citizens and scientific experts.

The Dialogue was an intense and extremely difficult process for pork producers. Nothing of this scope, magnitude, and environmental and business implications had ever been attempted before in our industry. It was path-breaking work, and it was hard. Hardest of all was to sit and listen to vehement critics of the U.S. pork industry. As they voiced their concerns and issues, pork producers understood that these views were sincerely held. Producers believed just as strongly that these views were often based on fundamentally incorrect understandings of modern U.S. pork production and pork producers. Producers also knew that if they did not listen to their critics, they could not get to the core of addressing the industry's water quality issues, nor could they restore their standing within their own rural communities. Some environmental groups chose

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[3] "Emerging Issues in Public Policy: Highlights of the 1999 National Public Policy Education Conference"; St. Paul, Minnesota, September 19-21, 1999; Page 25; Farm Foundation, (http://www.farmfoundation.org/pubs/emerging/99emergingissues.pdf).

not to participate in the Dialogue, and some participated and then chose to pull out when it became clear that the Dialogue was not a forum to pursue the elimination or substantial diminishment of the modern US swine industry. In the end, in spite of challenges, the aggressive policies and provisions proposed by the Dialogue and subsequently endorsed by pork producers has served as the foundation and guiding principles for our work with communities, state and federal regulators.

Today, the policies and provisions articulated in the Dialogue have their direct counterparts in the state regulatory programs that emerged in the late 1990s and in the proposed federal Clean Water Act (CWA) Concentrated Animal Feeding Operation (CAFO) rule that the EPA released in 2003 (the 2003 CAFO rule). The 2003 CWA CAFO rule made the most fundamental changes in 30 years to the federal CWA program for animal agriculture. EPA estimated that more than 5,400 swine operations would be required to get a permit under the 2003 rule and that the costs to swine producers for complying with the requirements would be approximately $348 million over 10 years[4]. A significant part of these costs came from brand new federal requirements about applying manure to land. Producers were required to develop and use a nutrient management plan (NMP) and adopt specific land application management and conservation practices. Given that the swine CAFOs likely to be subject to the new CAFO rule had a land base for manure application of more than 2.6 million acres, these regulatory requirements had enormous implications for the management of farming resources.[5]

This year, EPA is revising the 2003 CAFO rule because of a landmark federal court decision in 2005, applicable nationwide, that found key provisions of the 2003 rule to be illegal. NPPC and other agricultural and environmental groups had brought several lawsuits against EPA when the 2003 rule was issued. All of these suits were consolidated into one case before the New York based U.S. Court of Appeals for the Second Circuit (*Waterkeeper Alliance, Inc. v. EPA).* The most important aspect of the *Waterkeeper* decision is the point that NPPC argued—that the Clean Water Act National Pollution Discharge Elimination System (NPDES) program regulates the discharge of pollutants to water, but it does not regulate the potential to discharge, as EPA had proposed for CAFOs. The CWA does not require CAFOs to get NPDES permits simply based on a potential to discharge, nor could CAFOs be required to demonstrate that they did not have such a potential. Only CAFOs that are discharging could be required to get a CWA NPDES permit. The Second Circuit agreed.

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[4] EPA estimated the annual pre-tax costs for the final CAFO rule for large and medium CAFOs to be $34.8 million. Applicable time period assumed here is 10 years, or a total of $348 million. See Federal Register, Volume 68, Number 29, Page 7243m, Table 8.1.

[5] Confined Animal Production and Manure Nutrients--Noel Gollehon, Margriet Caswell, Marc Ribaudo, Robert Kellogg, Charles Lander, and David Letson Agriculture Information Bulletin No. (AIB771) 40 pp, June 2001. See Table 2. (http://www.ers.usda.gov/Publications/aib771/)

NPPC's position before the Second Circuit should not be misunderstood, nor the *Waterkeeper* decision, as diminishing the 2003 CAFO rule's water quality protections. Under the *Waterkeeper* decision, all CAFOs still **must** prevent discharges of manure to water from their animal production areas, and they **must** still adopt sound and prescribed best management practices for the application of manure to land they own or control, including all records that demonstrate this is being done. Failure to do these things potentially subjects the CAFO to civil penalties of up to $32,500 a day and criminal enforcement action. This is especially the case if the CAFO is operating without a CWA NPDES permit. Even if swine CAFOs choose **not** to get a federal NPDES permit, they will still choose to protect water quality through the prevention of direct discharges and the adoption of sound best management practices.

We believe that the *Waterkeeper* decision has resulted in the best of all possible regulatory worlds. First, we have clear and unequivocal national water quality protection standards that **must** and can be met by our producers and that will protect water quality. Second, producers can decide for themselves whether they meet these standards with or without a federal NPDES permit. Many of the dead-weight costs, as they are dubbed by economists, that come with a permitting program are thereby avoided, particularly the time and expense for the agency staff and the CAFOs of developing, managing, updating and revising the paperwork – without sacrificing water quality! This was the approach NPPC and pork producers advocated coming out of the National Environmental Dialogue on Pork Production, and today we believe it is still a sound approach.

Pork producers have worked hard at this and our other environmental issues and we are proud of what we have accomplished. And like anyone else, we are somewhat embarrassed by, but also greatly appreciate, when that work is recognized, as when US Environmental Protection Agency Administrator Steve Johnson addressed NPPC's annual meeting earlier this year. Administrator Johnson said:

> I also want to compliment you on the way you have responded to your environmental challenges in general ... (and) the great work your environment committee is doing ... not only to address the issues of today, but also to meet the opportunities of tomorrow. The implementation of the CAFO rule, your efforts on advanced manure management, and your support for sound and practical regulatory requirements are but a few of the issues you are addressing. I encourage you to keep at this progressive, pro-active approach.[6]

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[6] Administrator Johnson, 2006 National Pork Industry Forum, Kansas City, MO; March 3, 2006. See: http://yosemite.epa.gov/opa/admpress.nsf/a162fa4bfc0fd2ef8525701a004f20d7/25e0a1bef216f58d8525713a00766bff!OpenDocument

Mr. Chairman, I would be remiss if I did not bring your attention to one final important note. Our nation and the agricultural community have turned their considerable skills and talents to dealing with the issue of foreign oil dependence. As a sector, we have a long way to go, but I am highly pleased to report that pork producers are making a major contribution to energy independence through the aggressive and efficient use of manure as a source of crop nutrients. Throughout my part of the country and with essentially all of the corn producers with whom I work, demand for manure and its nutrients far exceeds the supply. This is being driven by the high price of commercially available nitrogen fertilizer. Depending on the nitrogen fertilizer being used, in the Corn Belt the per finishing hog fertilizer value of the manure is today estimated to be approximately $1.50 to $3.50 per head. This is a powerful incentive for energy conservation and efficiency, and everything I know about corn production in my part of the country leads me to believe this hog manure is being substituted for commercial nitrogen fertilizer as a result. That is a lot of energy savings, and I think this should be considered more closely as an option to really help agriculture increase its foreign oil energy independence.

EQIP PROGRAM AMENDMENTS

NPPC and its pork producer members worked hard during the 2002 Farm Bill process, along with other livestock groups, to ensure that the EQIP program was well-funded and structured so that it could help our operations. When the 2002 Farm Bill was being developed, we were alarmed by the scope and cost of some ill-advised and inappropriate water quality regulatory measures that were proposed as part of the 2001 CAFO rulemaking process. We also knew that producers needed, or were going to need, help in adopting effective air emissions reduction or mitigation practices and technology, and wanted to ensure that the EQIP program was available to do that. Our producer members and many Members of Congress believed that the amendments made to EQIP in the 2002 Farm Bill sent a very clear and strong message that EQIP assistance must be made available for that purpose.

Furthermore, NPPC supported the 2002 amendment to the EQIP program that defined Comprehensive Nutrient Management Plans (CNMP) for livestock operations and made them specifically eligible for EQIP financial assistance. The 2001 proposed CAFO rule had included a requirement that permitted CAFOs to implement a nutrient management plan (NMP). The proposed rule also made clear that a CNMP prepared to USDA Natural Resource Conservation Service (NRCS standards would meet most, if not all, of the NMP requirements. We had hoped that the EQIP program would be able to help pork and other livestock producers get CNMPs for regulatory compliance purposes. NPPC knew that a sound NMP or CNMP would be extremely helpful in protecting water

quality when applying animal manure to land. This position was fully consistent with the positions taken in the National Environmental Dialogue on Pork Production, and USDA-NRCS had clearly agreed with this view in the late 1990s. When the previous Administration issued its Clean Water Action Plan and the Unified AFO Strategy, the promotion and adoption of CNMPs by animal feeding operations of all sizes was the centerpiece of those plans with regard to agriculture and water quality.

When the 2003 CAFO rule was issued, some of the most ill-advised manure management technology requirements were removed because the EPA found them to be unsupported by the data when judged by the standards set under the Clean Water Act's effluent limitations guidelines. Even so, pork producers were expecting to face critical challenges to ensure that they had the equipment and capability to apply manure to great amounts of farmland to meet the rule's agronomic balancing of phosphorous requirements, to apply their manure at lower and more precise rates, and possibly to upgrade their manure storage facilities in certain instances to properly and completely support the new land application requirements. It was NPPC's assumption that pork producers needing financial assistance to adopt these technologies and practices would be able to get that through the EQIP program.

EQIP IMPLEMENTATION RESULTS

Overall, despite the amendments made to the EQIP program discussed above and pork producers' active participation in several states with State Technical Committees and the related EQIP program development processes, the Program has failed to provide much more than a minimal contribution to pork producers environmental efforts. We first detected these trends in the data for the 2003 program year and did a thorough review of several hog producing states' EQIP programs to determine the source of the problems. We found no single factor responsible for this, but rather multiple impediments and program features that collectively lead to the EQIP program not working for pork producers.

In 2004, we presented these findings and concerns to NRCS Chief Bruce Knight and his staff and provided them with a set of recommendations that we believed should be considered to help correct this situation. We were encouraged when NRCS headquarters, under the Chief's leadership, developed a set of action items in response to our concerns, and that were sent to the NRCS State Conservationists. There were responses in states as well, where they moved to the use of a state pool of funds, created more incentives for CNMPs, and created additional opportunities for pork producers to engage with NRCS. In the end, unfortunately, allocations did not change, as shown by the following data. I will discuss the data and then turn to some of the reasons we believe that this disappointing outcome persists.

Using NRCS data and our own estimates, we calculate that approximately $1.98 billion in cost share assistance has been provided by the EQIP program to both crop and livestock producers between 2003 and 2005. Of this amount, approximately $1.26 billion or about 63% of the total was provided to livestock producers. This percentage is consistent with the 2002 Farm Bill's amendment requiring EQIP to provide at least 60% of its funds to livestock and poultry. As we discovered in 2004, looking back at the 2003 program year, pork producers received about 3% of the cost share assistance provided to all livestock producers that year, less than the share provided to goat, emu, ostrich, elk, bison etc. producers (the "other" category). Despite our work and that of NRCS headquarters referred to above to address this issue in 2004, essentially the same result occurred in both the 2004 and 2005 program years.

Figure 1: EQIP spending under the 2002 Farm Bill on all livestock, 2003 to 2005 and total over that period, by species

Species	2003-2005 $	'03-'05%	2005 $	'05%	2004 $	'04 %	2003 $	'03%
Horses	$7,147,193	1%	$0	0%	$4,421,244	1%	$2,725,949	1%
Sheep	$16,858,540	1%	$8,883,826	2%	$4,522,929	1%	$3,451,785	1%
Swine	$43,061,095	3%	$17,582,432	4%	$14,569,213	3%	$10,909,450	3%
Other	$46,002,475	4%	$18,867,510	4%	$15,459,060	3%	$11,675,905	4%
Poultry	$73,275,499	6%	$32,524,429	7%	$25,645,002	6%	$15,106,068	5%
Dairy	$248,745,439	20%	$91,143,643	18%	$88,806,934	20%	$68,794,862	22%
Beef	$825,055,530	65%	$327,827,898	66%	$296,134,316	66%	$201,093,316	64%
total	$1,260,145,771		$496,829,738		$449,558,698		$313,757,335	

These numbers and percentages for swine improve when you focus in on major swine producing states, although the results are still relatively disappointing. For example, in the 2004 program year in eight states that account for 80% of US pork production (Iowa, North Carolina, Minnesota, Indiana, Illinois, Missouri, Nebraska and Oklahoma) pork producers received approximately 5% of all EQIP cost share assistance funds, and of the EQIP funds that went just to livestock that year, swine's share was 9%. An improvement, yes, relative to the national figure of 3%, but this strikes us still as a significant under-investment in the environmental practices of pork producers under the EQIP program.

For those Members of the Committee here from these states, our calculations of the percentage of EQIP cost share funds for all livestock going to each of these states' pork producers in 2004 are as follows: Iowa, 13%; North Carolina, 11%; Minnesota, 7%; Indiana, 22%; Illinois, 5%; Missouri, 17%; Nebraska, 4%; and Oklahoma, 1%. When the data is broken out in this manner, we can begin to see some developing bright spots. In 2005, preliminary state data indicate that in Indiana the share of funds going to EQIP practices for swine operations jumps to

a very strong 37%. Among the many things we will be doing next is looking closely at Indiana to see how this kind of performance is being achieved.

Preliminary Assessment of Reasons for these Results

NPPC has now undertaken, for these and other states with significant levels of hog production, a detailed review of how the EQIP program performed and why it performed the way it did. We hope to have the product of this work in a few months. Our review will include special attention to those states' whose share of EQIP funds for swine producers indicated that the program was performing more as we think Congress, and certainly pork producers, had hoped and expected. We will provide the Committee with the results of our work and we hope it will allow us to formulate some concrete recommendations for the EQIP program in the upcoming farm bill discussions. While it is therefore premature for us to offer you any specific recommendations now, particularly since the next farm bill is not the topic of this hearing, NPPC believes that we can offer some general observations as to why the EQIP program's performance for pork producers has been so disappointing. These observations are derived from the review we did of the EQIP program implementation in 2004 and our ongoing efforts to understand and work with the program since that time.

1. Pork producers' EQIP applications appear not to be ranking well because they have already invested in the core elements of a sound manure management systems—Pork producers' commitment, that grew out of the 1990s and into the early part of this decade, to dealing with their manure management and water quality problems, along with the strong state regulatory and permitting programs in many hog states that have been focused on pork producers, means that most pork animal feeding operations have good quality manure treatment or storage facilities and nutrient management plans as specified by their states. When ranked in the EQIP process and compared to other animal feeding operations' systems, pork applications may not provide as much new improvements since those basic elements of a manure system are needed by the other operations. This may be particularly true in some states where pork producers may only need and be applying for a single element of a manure management system, while other applicants are looking for a complete system, with the attendant increase in their ranking score. While this appears reasonable to consider among applications involving confined animals, it seems less relevant when pork applications might be ranked against those for cow-calf grass operations – a category of recipient that receives far more EQIP funding assistance than other species and categories. In general, pork producers cannot but help to react to this information as if they are being penalized for having been environmental pioneers and leaders in the previous ten years.

2. Cost share assistance is not generally available for mobile equipment in the EQIP program—USDA conservation cost share programs generally prohibit providing cost share funds for equipment that is highly mobile due to concerns that there is too great a potential for that equipment to not be used by the cost share recipient, and that this is too hard for NRCS to monitor. One of pork producers' greatest needs is for new, expanded, and more precise manure utilization equipment to aid efforts to apply their manure to more crop acres, and much of this equipment is mobile. Some states are exploring whether a 3-year incentive payment can be used to assist in this area, but this has been only slowly developed in a limited number of states and remains poorly understood in NRCS field offices in those states working on this.

3. If EQIP funds were allocated to counties for final application approvals, the monies available in these counties proved inadequate to cover more than a one or two modest sized EQIP contracts—Several states made EQIP funding decisions for animal feeding operations out of a state pool of EQIP funds. But several states also give their counties the authority and funds to make these decisions at the local level, but in these cases the amount of EQIP funds allocated to counties is often insufficient to fund more than one or at best a few manure management or utilization contracts. Pork producers, seeing this, rarely submitted applications in such circumstances as the cost of preparing an application is significant and they were all but guaranteed to be denied.

4. NRCS's major commitment to promoting the use of CNMPs is not yet adequately reflected in the EQIP program in many states—As stated earlier in this testimony, NRCS has over the last several years made a major commitment to supporting the development of Comprehensive Nutrient Management Plans (CNMPs) by animal producers. But in several concrete and practical ways, this commitment is not yet well integrated into several states' EQIP programs. Several states still do not offer an EQIP incentive payment for CNMPs, relying instead on producers being able to assemble the parts of a CNMP on their own in an EQIP application. This is particularly striking since Congress explicitly amended EQIP in 2002 to make a CNMP a practice eligible for financial assistance. Other states offer an EQIP incentive payment designed to pay producers a share of the total costs, but they offer it at a level that represents maybe 10 to 20% of the cost of a CNMP that contains all of the required elements. Others offer a sound CNMP incentive payment under EQIP but do not have the agency staff available to do these CNMPs and have failed to support producers that are more than willing to turn to private sector technical service providers (TSPs) to do this work. For more on TSP's see the discussion under number five, below.

5. Insufficient EQIP funds have been made available to support farmers' use of technical service providers (TSPs) to acquire CNMPs— Nationwide in 2005, less than $3 million was made available from EQIP funds to support the use of TSPs with livestock producers. We do not yet know how much of these funds went to CNMPs that meet the applicable NRCS standards, but anecdotal evidence indicates that more of these funds are being used to do engineering design and engineering support for implementation, and less for CNMP planning work. Several hundred pork producers were given EQIP contracts in a major hog producing state in 2004 for the specific purpose of developing a CNMP, but only enough EQIP funds were available to support the TSP development of CNMPs for three plans. Despite this fact being brought to NRCS's attention, no net increase in EQIP funds was provided by headquarters to this state for the purpose of getting TSPs to work on this backlog of CNMP contracts.

6. There can be a tremendously long lag time between when decisions are made and policies changed in a state NRCS office and when that new policy gets adopted in the field—Even when pork producers are successful in working at the state level with NRCS through the State Technical Committee process to get a major program improvement, such changes are not automatically reflected in the practices and approaches used by field people working with EQIP applicants. In one major hog producing state, pork producers had successfully worked with NRCS for program year 2005 in establishing a workable incentive payment rate and practice for advanced manure utilization on a modest amount of acres per farm – only to find that local staff did not yet understand the practice or how it could be included in an EQIP application, and were generally unable to work with producers to apply for this assistance. This may or may not be corrected by the next program year, and it appears often to take several iterations back and forth between the state office and the field office to get these changes right. In the meantime, producers get lost in the confusion and in frustration can turn away from EQIP.

7. NRCS field and area personnel often have insufficient understanding of today's pork operations to work effectively with pork producers – or they simply lack the time to do so—The changes in pork production and manure management systems have been so great and rapid over the last 15 years, and the historical working relationship between NRCS field staff and the newer generation of pork operations so limited, that producers consistently find the NRCS field staff have an inadequate understanding of their operations to really be able to help them do a successful EQIP application. Many of these field staff certainly have the ability to pick this up, but they lack the time to do so, and perhaps as the result of that or

also because of other pressures, lack the inclination to invest themselves in what needs to be learned.

8. There is a lack of effective and economical air emissions mitigation technologies and practices that EQIP can support—Many pork producers are actively looking to adopt practical, effective measures to reduce their emissions to the atmosphere of particulate matter and other aerosolized substances from manure and animals. They are also actively looking to adopt practices that reduce the odors of their hog facilities. In several states, EQIP does make incentive payment and cost share payments for some of the technologies that are currently in place – but ultimately many of these technologies are so expensive that even at a 75% cost share rate they are not economical, let alone at the 50% rate that is prevalent today in EQIP. EQIP is clearly not the source of this problem, and simply points the way towards the need for even greater levels of research and development in this area, something the pork industry has long heavily supported, financially and otherwise.

Mr. Chairman and Members of this Committee, these observations are preliminary and far from conclusive, but they are based on NPPC's close work in many states with producers who are trying to make the EQIP program work and reflect our best professional judgment. We hope that our further and more detailed review of these issues, referenced above, will lead to better and more firm observations and conclusions.

On behalf of the National Pork Producers Council and the many pork producers we represent and support, we thank you once again for holding this oversight hearing and ask for your continued and focused attention on the matters we have brought to you today. In spite of the troubling and disappointing results we have found with the EQIP program, there are some positive developments to point to, and pork producers continue to want the EQIP program to succeed. The Program holds considerable promise, particularly as we head into a time where producers will need assistance to help them reduce air emissions that are regulated under the Clean Air Act. But I must also be frank with you. The many issues that we have raised to you today weigh heavily on us and have discouraged many of our producer members that wanted to participate in the EQIP program. Many have tried to get EQIP contracts and were rejected for reasons that do not make complete sense. This can happen only so many times before the general perception among producers is that the EQIP program simply does not work for pork producers and is not worth the effort. We do not want this to happen and very much look forward to working with you during the upcoming 2007 Farm Bill discussions to see if program changes and amendments are possible that will address the issues I raised here this morning.

Again, the nation's pork producers are most grateful for your continued leadership on these and other issues critical to U.S. pork producers and the U.S. pork industry, and we look forward to our continued strong working relationship with you and this Committee.

QUESTIONS AND ANSWERS

JUNE 7, 2006

Response to question posed by:
Senator Blanche Lincoln
Senate Agriculture Committee Hearing
"Overview of Conservation Provisions of the 2002 Farm Bill"

Question: Mr. Kennamer, what role can NGOs play in providing "technical assistance" to landowners who are currently participating or would like to participate in conservation programs?

Answer: Non Government Organizations (NGO) like the National Wild Turkey Federation (NWTF) have a strong history working with federal agencies to provide technical assistance to private landowners. The NWTF is playing a significant role in providing technical assistance to landowners and can help relieve agency backlogs that currently exist. The NWTF has a highly experienced biological staff to work with federal agencies, private landowners and agricultural producers. The NWTF's extensive network of over 2,200 chapters and 550,000 members are energized to partner with other groups and agencies to implement on-the-ground conservation projects. In addition, our investment in our Communications Department provides us with a unique ability to reach the general public through television, newspapers, magazines and radio.

From the NWTF's perspective, we provide technical assistance to landowners as a routine part of our job. We work with landowners to develop a comprehensive land management plan that is based on the landowner's objectives. Using these objectives, we work with landowners to develop a plan that addresses soil, water, production and wildlife needs. Our biologists also work with landowners to determine what federal programs can help them implement their management plan, and often they will provide the necessary documentation for the landowner to apply for federal cost-share programs.

For example, we have partnered with the NRCS in Illinois to write over 150 plans for landowners in the last two years. These landowners, mainly agricultural producers, receive technical assistance from our regional biologists. Our staff is also working with landowners and NRCS field offices to implement the Wildlife Habitat Incentives Program (WHIP) in Illinois.

Another example of the NWTF's role in providing technical assistance is through our partnership with the NRCS and Georgia Forestry Commission. We have partnered with these agencies to use our Georgia regional biologist to help landowners improve wildlife habitat, especially for priority threatened and endangered wildlife species, while maintaining productivity of their forest and agricultural operations. To accomplish those tasks, our biologist is writing Forest Stewardship, EQIP and WHIP plans for landowners.

The NWTF also provides technical assistance through our landowner outreach program, the Hunting Heritage Club. This outreach program provides how-to habitat management information to landowners through our outreach publication, *Get-in-the-Game*. This publication covers a wide array of management information, including state and federal cost-share programs, and specific tips and techniques to better manage land and help wildlife. This outreach program is also supported by our television show, also titled *Get-in-the-Game,* that provides how-to wildlife habitat information. This show reaches over 700,000 households each quarter.

Through our Hunting Heritage Club outreach program, the NWTF also hosts landowner workshops throughout the country. These one-day outdoor workshops bring together landowners and technical experts to share valuable wildlife management information. Farm Bill conservation programs and practices are highlighted at these workshops. This year the NWTF hosted over 30 landowner field days reaching over 600 landowners and impacting wildlife habitat on over 200,000 acres of private land.

Our extensive network of 550,000 NWTF members also helps us reach landowners at the local level. These members are very passionate about wildlife in their local communities and work to reach out to private landowners and engage them in practicing better conservation on their land.

The NWTF is currently a third-party provider for technical assistance. However, the NRCS should simplify the process used to work with NGOs. For example, the current Technical Services Provider (TSP) program is very cumbersome for not only the NRCS, but for TSPs as well. We strongly urge the NRCS us expand opportunities to work with NGOs through expanded use of contractual agreements. In addition, pay rates must be reasonable to allow for qualified participation.

In summary, NGOs like the NWTF provide a very broad array of technical expertise to help federal agencies implement conservation programs. This extensive technical expertise backed with a very effective communications team, and a large grass-roots membership, provides an ideal model for private lands conservation.

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