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USDA'S USE OF CONSERVATION PROGRAM TECHNICAL SERVICE PROVIDERS

HEARING

BEFORE THE

SUBCOMMITTEE ON FORESTRY, CONSERVATION, AND RURAL REVITALIZATION

OF THE

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY UNITED STATES SENATE

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USDA'S USE OF CONSERVATION PROGRAM TECHNICAL SERVICE PROVIDERS

Thursday, July 27, 2006

U.S. SENATE,
SUBCOMMITTEE ON FORESTRY, CONSERVATION, AND RURAL REVITALIZATION
COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY,
Washington, DC.

The Subcommittee met, pursuant to notice, at 10:02 a.m., in Room SR–328A, Russell Senate Office Building, Hon. Mike Crapo, Chairman of the Subcommittee, presiding.

Present or submitting a statement: Senators Crapo and Lincoln.

STATEMENT OF HON. MIKE CRAPO, A U.S. SENATOR FROM THE STATE OF IDAHO

Senator CRAPO. Good morning. This hearing will come to order.

This is the hearing of the Agriculture Subcommittee on Forestry, Conservation and Rural Revitalization dealing with technical service providers. We welcome all of you hear today.

The 2002 Farm Bill is one of the most important environmental laws that has ever been enacted in Congress. It has provided significant in agriculture, conservation programs and other critical things to America's environmental heritage. These programs provide substantial incentives for conservation on agriculture land that resulted in real environmental benefits.

However, knowing how to achieve these benefits can require expertise that spans a wide range of scientific disciplines. Some of the issues producers address include water, soil, air quality, endangered species, crop nutrients, and pest management requirements, to name just a few. There is no question that America's farmers and ranchers are highly skilled individuals who are knowledgeable on many fronts. But the complex nature of these issues necessitates the availability of technical assistance to reach conservation goals.

The soil conservation service was originally formed by Congress in 1935 to address the soil erosion concerns that arose during the Dust Bowl days and the agency became the expert in understanding and helping agricultural producers to apply the science required to solve erosion problems. But in 1994 the agency's name changed from the Soil Conservation Service to the Natural Resources Conservation Service in recognition of the public's interest in insuring farmers and ranchers get the assistance they need to address the wider range of environmental issues.

This, along with the increasing numbers of retirements and initiatives to right-size Federal agencies began to stretch the technical capacity of the agency to address all issues associated with soil, water, air, plants, and animals. Then, in 2002, in the Farm Bill, a number of new conservation programs were authorized and the funding for conservation programs overall was substantially increased.

The NRCS staffing levels were not sufficient to provide the amount of technical assistance required to implement the Farm Bill conservation programs, so Congress authorized the use of non–Federal technical service providers to fill the gap. We want to be sure that America's farmers and ranchers are able to obtain the technical advice they need to protect and restore the quality of their natural resources.

This hearing provides an opportunity to review the use of technical service providers. We need to take stock of how the availability of the technical service advisors is working for agricultural producers. For technical service providers and for the USDA.

First we are going to hear from Ms. Sara Braasch, who is the regional assistant chief for the west region of the Department of Agriculture's Natural Resources Conservation Service, and a good friend.

Welcome, Sara.

Following her testimony we will hear from a number of people who have experience with how the TSP is working.

Mr. James Chapin—did I get that right?

Mr. CHAPIN. Chapin.

Senator CRAPO. Chapin, Sorry.

He is the director for the western region of the Association of Consulting Foresters, which is an organization that represents consulting foresters, many of whom have been certified by NRCS to provide technical forestry expertise needed to address natural resource issues on private lands, and on other agricultural operations that take advantage of the interactive benefits of combining trees and shrubs with crops or livestock.

Mr. James Schmidt is a member of the executive board of the National Association of Conservation Districts. The NACD membership is composed of conservation districts, which are non–Federal Government entities that help control the use of land and water within a State or territory.

Conservation districts have been in the business of technical services to landowners and operators and coordinating private sector services for more than 40 years. So, they are able to offer a unique perspective about how well the TSP process is working.

Mr. David Goad is the deputy director of the Arkansas Game and Fish Commission in Little Rock, Arkansas. I understand that the Fish and Game Commission had a memorandum of understanding with NRCS enabling it to provide fish and wildlife expertise as a TSP. I look forward to hearing more about this MLU process and what kind of benefits the agency considered the MLU to provide benefits to them and to landowners or to the NRCS.

Mr. Doug Wolf, who is a member of the board of directors of the National Pork Producers Council, is from Lancaster, Wisconsin. He has actually engaged the services of a TSP to assist in livestock op-

erations. He has also benefited from NRCS technical assistance and therefore is able to offer us insights into any differences there may have been in these experiences.

I appreciate each of our witnesses being here today, and I look forward to hearing your thoughts about how well the third party technical service provider process is working. I would just like to remind all the witnesses that we have encouraged you to keep your comments to the five minutes that have been allocated, if possible.

If you are like me, your five minutes runs up before what you have to say runs out. So, please keep an eye on the clock. The reason for that is because we like to get into questions and discussion and anything you may not get out in your initial presentation I am sure you will have an opportunity to say during the dialogue that we have as we discuss matters.

And with that, why don't we proceed? Sara, please go ahead.

STATEMENT OF SARA BRAASCH, REGIONAL ASSISTANT CHIEF, USDA NATURAL RESOURCES CONSERVATION SERVICE

Ms. BRAASCH. Thank you so much, Mr. Chairman.

As you know on a personal note, it was ten years ago that I served as a staff member of this Subcommittee, so it really is a pleasure for me to be back and to see the tremendous progress that you have made as a Subcommittee, and under your capable leadership on conservation, especially the technical service providers.

Senator CRAPO. Well, we welcome you here.

Ms. BRAASCH. Thank you.

Even though I work with the 13 western States, I am here on behalf of our chief, Bruce Knight, to talk, nationwide, about the progress we have made on the technical assistance provisions of the 2002 Farm Bill.

As you know, and stated in your opening, it was designed to insure that, as a department, we have the capacity to address the significantly increased workload associated with implementing the most recent Farm Bill. In the last four years, Mr. Chairman, we have had tremendous success working with more than 2,100 technical service providers, obligating over $163 million, and providing over 1 million hours of technical assistance to farmers and ranchers through private individuals, State government agencies, and non-government organizations.

These technical service providers, or TSPs, allow us to add capacity to our workforce in a very flexible manner. They enable us to have the right people in the right place at the right time. That enables us to provide a broad range of technical services that insure that we meet our mission of helping people help the land.

Since 2002, the total investment, as you know, under the Farm Bill conservation programs has been more than $9.4 billion, and with all of those funds we have provided assistance to 1 million farmers and ranchers. This historic level of conservation funding has increased the need for technical information and advice beyond our capacity in the Federal workforce. It is critical to us that our customers receive the best technical advice available.

NRCS has addressed this demand for technical advice through a combination of three methods. First, producer-selected TSPs, second, agency-selected TSPs, and third, the agricultural conservation

experienced seniors initiative, or ACES, for short. I will touch on each of those three in detail.

In the first case, if the farmer or rancher, he or she can select and hire an individual certified TSP to help them plan and apply conservation work on their operation. NRCS then enters into a contract with the producer. The producer works with the TSP and then reimburses that TSP.

The individual farmer or rancher can locate a certified TSP from our internet-based system called TechReg. It is a very convenient way for producers to find who is certified to help them meet their conservation goals.

I am thrilled, Mr. Chairman, that at the end of last month, NRCS had over 2,100 individuals and more than 200 businesses nationwide certified as TSPs on TechReg. An additional 150 applications are pending review and certification.

In the Magic Valley area of our home State in Idaho, an example is a farmer contracted with a private sector TSP to design and implement an irrigation system on his land as part of an EQIP contract. The producer received immediate help from that private sector TSP. The project was funded, constructed, and certified to our standards and specifications as an agency, and it was done, quite honestly, in a much quicker fashion than we would have been able to do if our own permanent full-time staff were assigned to the project.

The second example is the agency-selected TSP. And that, again, is when NRCS obtains technical support directly through a procurement contract, a contribution agreement, or other appropriate instruments which are typically with private sector businesses, a State agency, or an NGO.

These agreements deliver very technical projects. In Montana, we worked with a private sector TSP firm to work on threatened and endangered species. Bundled practices for Bull Trout, Cutthroat Trout.

Another form is when we leverage money from outside groups for specific projects. In Vermont, we worked with the State Department of Agriculture in the conservation districts to establish land treatment planners.

And finally, I want to touch on the ACES initiative. This is a cost effective pilot that we have used to bring experienced older workers, such as retired employees, into our cadre of providers. So far, nearly $1.9 million has been obligated for this initiative, supporting 148 staff positions just since the project began last year. The ACES project was so successful in filling that gap in the Federal workforce, that the Secretary has sent a proposal to Congress to broaden the authority and statute for that service.

So, in conclusion, Mr. Chairman, the TSP provisions of the 2002 Farm Bill have helped NRCS be very flexible in adding capacity when our program workload increases, and, at the same time, in decreasing our services when tight budgets that you referred to necessitate that. We recognize that the future workload could be significant for conservation. We will continue to seek third party sources to compliment our existing resources and to meet any increased demand.

So with that, Mr. Chairman, again, I am pleased with the opportunity to be here and I would be glad to respond to any questions that you might have.

[The prepared statement of Ms. Braasch can be found on page 32 in the appendix.]

Senator CRAPO. Well, again, thank you very much, Sara, for being here. I appreciate the chance to see you again. We have had a lot of opportunities to work closely with you over the years and I know that you do great work.

The first question that I have is, I noted in your testimony that you indicated that we have 2100 certified TSPs nationwide and another 150 on the way, if I understand that right.

Ms. BRAASCH. Correct.

Senator CRAPO. That is very positive, but in the entire State of Idaho, there are only two TSPs identified in TechReg as certified conservation planners. And one of those individuals lives in New York. The other lives in Utah.

At the same time, conservation planning of one sort or another is necessary before a producer can participate in any USDA conservation program. And, in addition, there are no certified fisheries TSPs in all of Idaho, yet fisheries are a critical resource, as you know, in the State.

So, no doubt Idaho is not the only State that has this type of a circumstance. And because of that, the question I have is how is the NRCS able to meet the technical assistant workload associated with delivering conservation programs if we do not have enough employees and if we do not have enough TSPs certified in some of these needed categories?

Ms. BRAASCH. Excellent question, Mr. Chairman.

And it has a couple of parts to it, so if you will indulge, I would like to talk through the conservation planning piece of that.

Senator CRAPO. Sure.

Ms. BRAASCH. And the two individuals you mention. Then, at the same time, the fisheries example and what is happening.

To put that in context, though, the certified planners that you referred to—TechReg is not an exclusive list of who is an agency work with when it comes to TSPs. TechReg only lists the individuals that want to work with producer-selected TSPs.

Senator CRAPO. Okay.

Ms. BRAASCH. So, in that example—but I want to follow it through because it is very important.

On the conservation planning side, we have 42 practices in TechReg that an individual could be certified in. One of them is conservation planning. As you know, that is the heart of what we do as an agency. There are nine steps to the planning process. It is a very thorough process, and it is also very fluid, quite honestly. It is not something that a farmer or rancher would do once and then sit on the shelf and leave to collect dust. It is something they do; they typically like to work with us. They come back the next year, the year after, to make changes.

So, what we have seen, in a series of required forums by our chief and every State across the nation is we have seen and heard feedback from TSPs, but their primary interest is not in doing the

broad, nine-step planning for us. It is in doing the more specific practice based examples; cultural resources, fisheries, forestry.

So, we do have a limited number of certified planners, but I think, in my discussion, there is a reason for that. It is something, quite honestly, we need to keep working on. We are committed to the individuals that want to do planning for us through TSP.

To make that a little easier, we have put all of our training online. So, any TSP that wanted to become an expert in planning and the requirements could do it online. We also have a number of agreements with other agencies where we take their certification. So, we are working on it.

Specific to the fisheries example, as I was actually surprised as I thought through that, because I do know that outside of the producer-selected work on fish populations, which are so important in Idaho, we do a lot of agency-selected TSP work.

For instance, Idaho Fish and Game Commission, we have an agreement with them where they provide the expertise because they have got the biologists across the State. So, they work with us as needed on specific projects. We even have space in our offices now that three of their biologists are co-located in a USDA service center.

A private sector example of fisheries that you would be interested in, inter-mountain aquatics. We work with them—again, agency-selected—to go out where needed to do fisheries work.

So, I appreciate your question. Quite honestly, I am hoping our discussion today will prompt a little more interest, not only in Idaho and Arkansas, but across the country with potential TSPs.

Senator CRAPO. Thank you very much for that answer.

I am going to interrupt my questions right now. We have been joined by Senator Blanche Lincoln.

Blanche, would you like to make an opening statement of any kind? You are welcome to do so. If you want I will go on with my questions, or you can start some questions of your own.

STATEMENT OF SENATOR BLANCHE L. LINCOLN, A U.S. SENATOR FROM THE STATE OF ARKANSAS

Senator LINCOLN. Well, thank you, Mr. Chairman. I do apologize for running a bit late this morning.

I am so grateful to Chairman Crapo. He has been a delightful friend and colleague to work with and I thank you for your leadership in this Subcommittee, and particularly for holding this hearing today.

Senator Crapo and I came to the House together and then we came to the Senate together, and we have kind of been attached at the hip for a while. He is great to work with.

Senator CRAPO. If everybody else just worked as well as we did together——

Senator LINCOLN. Well, I appreciate your patience this morning, for sure.

And we have so many of the same interests, particularly in the collaborative conservation efforts that we are looking at today. It is always a pleasure to work with you, as well as your extremely capable staff. I have to give them a plug, too, because they are wonderful to work with.

I would also like to take just a few moments here and welcome a fellow Arkansan to the Subcommittee. Mr. Goad, who is the deputy director of the Arkansas Game and Fish Commission.

David, I appreciate you taking time to travel here to Washington and look forward to your testimony during the second panel this morning.

For many reasons, I guess, I take a tremendous pride in the 2002 Farm Bill. It is a bill that I worked hard on and I supported because of its importance to my State's rural economy and our way of life. And indeed, one of the most notable parts of the 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. My dad was rice farmer in east Arkansas, and I never knew a greater conservationist than someone who not only depended on the land for his livelihood, but wanted to insure that future generations of our family would be able to do so, as well. Not to mention the fact that his favorite thing to do was to duck hunt and turkey hunt.

So, making sure that the land was well cared for—having just picked up my children from spending three weeks in the woods with no plumbing and no electricity, I realize the excitement and, really, the heritage that my family, and particularly my children, now enjoy in the conservation areas that they enjoy, being out in the woods and being able to enjoy what we have here and what we have been able to preserve.

So, I also know that the agricultural producers of Arkansas are enormously excited and embracing in terms of the conservation programs. They are not only an environmentally sound practice, our conservation programs, but they produce a wide range of economic benefits, and we are grateful for that.

Environmentally, our conservation programs obviously safeguard millions of acres of American topsoil from erosion while improving air quality and increasing wildlife habitat, protecting ground and surface water quality by reducing water runoff and sedimentation.

Economically, the benefits are immeasurable. These programs not only increase our net farm income, they preserve soil productivity. They improve surface water quality. They reduce damage from windblown dust and increased uses of wildlife. Obviously, in Arkansas, they enhance the tremendous tourism and economics that we glean from the environment and being the Natural State.

These dual benefits are critical to the long-term sustainability, I think, of American agriculture, and they provide the much needed bridge between an adequate farm safety net and the resources necessary to conserve our land.

So, today's hearing looks, I think, at the critical role that third party service providers can play in helping our farmers and our landowners reach these conservation goals. And I think if there is one thing that Senator Crapo and I have really worked hard at, that is to make sure that we can get all of the interested parties involved in whatever it is we are trying to do here because we know that we do not have all the answers. And we know that certainly we cannot do all of the lifting here in Washington alone.

It is with the involvement of landowners and State agencies and other groups that are out there that we really achieve our common goal. That is why I am delighted to hear from these third parties.

I want to thank our witnesses for being here today, and I look forward to their testimony. I will let the Chairman finish his questions, and then I may have a few.

Thank you, Mr. Chairman.

Senator CRAPO. Thank you very much, Blanche.

And I want to return the compliment to you. We have had a tremendous time together in Congress. I really meant it when I said earlier that if everybody else got along together like you and I do, we would have a much better—I think the public would have a better perception of Congress and we would probably get a lot more done.

You and I worked very closely together on the current conservation title of the Farm Bill, and many other things, as well. I appreciate the friendship and the working relationship that we have.

Sara, let me go back to the line of questioning I was pursuing. Actually, this next question is probably a little bit answered by your answer to the first question, but I want to indicate that one of the main TSP conservation planners was from New York who serves Idaho constituents. The question comes up, if that situation repeats itself a lot, the question I have is whether the providers, who are at a distance from the constituents—the producers they are providing service to—are able to adequately make a profit and conduct a viable business when they have that kind of distance to travel.

Now, maybe, as a result of your earlier answer, it is really not a situation that occurs that often, but could you address that?

Ms. BRAASCH. Thank you, Mr. Chairman. I would be glad to.

I have to admit, I am not familiar with the individual from New York. But I do have a couple of examples that I think might be helpful. The first one, as you know, in the 2002 Farm Bill, Congress very clearly and rightfully so, directed us to insure that these third party providers have the expertise, and to certify. So, when one of your constituents requests their help, they know they are getting good quality technical assistances. So, in doing that, we cannot, and do not want, to control who might offer up their services. We just want to be sure that they are qualified.

I can tell you an example that I saw recently in New Mexico, was a very small engineering firm, only three people. Their business address was in California, because that was the first engineer that started work. Then he found two partners, one in eastern Oregon that services part of Idaho, and another one doing work in the Southwest. So, for business purposes, they were organized with a California address, even though they had staff closer to the dairies, in this case, in New Mexico, that wanted some TSP assistance. So, there could be any number of reasons, when you look at addresses and locations.

Now, specific to your point of travel, I should be very clear. NTE rates, not to exceed rates—we found out in those forums that I described in listening to TSPs and producers, there is a little bit of confusion on those. What we do with NTE rates is we establish the cost the government would have if we provided that same service

to a producer. And then we use that as the basis for what we will reimburse the producer. Okay? If they are finding service somewhere else, we will pay them what it would have cost us. That does not preclude the producer from paying more for the private individual if he or she so chooses, for that expertise.

So, in that case, the profit motive that you mention of an individual, travel cost, those could be factored in if the producer decided to go above and beyond the cost to the government for those services.

Senator CRAPO. All right. Thank you.

My next question, in fact, was how do you determine the NTE rates. So, you have already answered that.

That raises a question for me, though. If the government is paying exactly what it would cost the government to provide the service itself—we are getting the private sector services, which I think is very helpful, but it is not a budget savings. Would that be a correct conclusion to reach?

Ms. BRAASCH. Thank you, Mr. Chairman.

It is an interesting example. And, if I could—the last question about producer-selected TSPs—if we could switch to the agency-selected TSPs, I think that is an example that answers your question of, what is the benefit to the government, and all of us as taxpayers.

In that example, we have a number of positive examples of how this has helped the agency. As you mentioned in your opening statement, all of the Federal workforce is facing a retirement bulge. At NRCS, it will be about 34 percent of our workforce that could retire in the five-year period we are in right now.

So, one, to make that transition, to figure out how to provide expertise, we have to think creative. While we are training—if we cannot afford to hire new employees, we have to train them. In some cases, it might not make sense for one-time work to hire a fulltime Federal employee. In those situations, animal feeding operations are a good example. We have a short-term workload based on the EPA regulations for animal feeding operations. In a lot of the States I work with, we are better off to hire private sector engineering expertise on a one-time basis to get those animal feeding operations the help they need to come into compliance than to staff up on the Federal side and add to our workforce long-term when we may or may not be able to pay for it.

So, there are savings on the government side. And I was thrilled in visiting with the pork producers that they are going to go into more detail on both those examples of how we work with animal operations.

Senator CRAPO. All right. Thank you.

I understand that there is a bit of a lack of understanding as to how properly price a comprehensive nutrient management plan. I think one of our witnesses is going to talk a little about that. Since that is an issue in a number of circumstances across the country, is NRCS working to establish a not to exceed rate for CNMPs? What is being done with regard to trying to remedy that situation?

Ms. BRAASCH. Thank you, Mr. Chairman.

We actually do have a CNMP NTE rate in every county across the country. Now, that is based on, again, our costs as an agency if our employees were to do that work. We look at that every year.

An example from the state of Iowa that I think was very creative and very appropriate, is they look at the CNMP rates in counties in Iowa, in terms of what it would cost the government. They came to us through NRCS and our State technical committee and they came up with a better way to approach that, because, quite honestly, our NTE rates in those counties were too low when we looked at what the private sector could provide the service for. But at the same time when we look at, as a government, if we contracted with an engineering firm through the Brooks Act, it would be much higher.

So, in Iowa, they came up with a proposal and we gave them a waiver at the national level to classify animal feeding operations by size, which is a good indicator of the cost to do a CNMP. We approved the waiver. They have implemented that system. And what we are looking at now, quite honestly, is how we use that Iowa example of streamlining, being consistent with the workload, the cost, and the resource benefit, and ways that we can implement that nationwide and be sure all States have the flexibility.

Senator CRAPO. All right. Thank you very much.

I have a few more questions, but I will toss it over to you, Blanche, if you want to ask a few questions, and then we can go back and forth.

Senator LINCOLN. Thank you, Mr. Chairman.

Ms. Braasch; is that correct?

Ms. BRAASCH. Perfect. Thank you.

Senator LINCOLN. Well, to follow up on that last one, you talked about the pork producers. I know that Mr. Wolf, who is going to testify today, also, on behalf of the pork producers. He points out in his testimony that the new approach to the contract delivery, where the farmers contract directly with the TSP, it has significant merit, as you mentioned.

And yet many farmers find that what is required of them, in terms of paperwork, the paperwork, the management oversight is so great that they are less inclined to take part in the program. Is that I concern that you are aware of on the national level? And, if so, is NRCS taking steps to make the farmers' choice approach less burdensome to individual producers and insuring that they actually have access? I know that for some of our farmers finding those types of consultants is obviously a cost that is borne by the producer and sometimes difficult to find in other areas.

Ms. BRAASCH. Excellent question.

It is interesting, because when you look nationally at our statistics and the work that we do through technical service providers, there is a large number of contracts that are producer-acquired. States like Wisconsin, quite honestly, in the pork example, have been tremendous partners. They did not make that happen overnight, in all honesty.

As I have learned from Wisconsin, quite honestly, for my use out West, they actually started that process in the late 1980s of working together with our agency, with livestock groups, with the State, and have put in a lot of good work to get to that point.

Now, specific to the paperwork, we have heard that in the forums I have mentioned, from producers. That, for some producers and TSPs it can be burdensome. It is something we are looking at in our efforts to streamline, but we are trying to find that balance of guaranteeing the Federal investment and that there is a return on it and that we are accountable for the funds with the balance of streamlining and making it easy.

Senator LINCOLN. Well, I think that is something that we definitely have to take into consideration. Because, if we do want to farm out that duty, you are right. It needs to be efficient and effective, but it still has to bring the results that we are going to be held accountable for.

I am also pleased that, as I mentioned, Mr. Goad, who is the deputy director of Arkansas Game and Fish is going to be with us today to testify as part of the second panel.

In his testimony, he makes observation that it would be helpful for State fish and wildlife agencies to be allowed to enter into three to five-year TSP agreements so that they can go and secure the additional positions and funding necessary from their State legislatures.

Is that something that NRCS could do, or is considering?

Ms. BRAASCH. Excellent question.

What we have had to do in the agency with these agreements is they are typically funded through one of our programs. So, in the case of Arkansas Game and Fish or Idaho Fish and Game, it is the wildlife habitat incentives program.

As you know, you appropriate that program to us in an annual appropriation. So, because it is annual funds, we cannot commit to a multi-year agreement.

What we have done, though, in a number of situations—and I had the chance to visit with the fine gentleman before the hearing—in other States is we have looked at a clause where the agreement can be extended based on mutual agreement and contingent on continuing annual appropriations. What I have seen in the West is our State agencies are appreciative of that clause because they are in a similar situation with State legislatures when it comes to annual funds and multi-year agreements.

So, I think there are some things, creatively, we can look it. And, quite honestly, we need to. Wildlife is a priority for our agency, but it is also an area where we do not have the depth and, quite honestly, cannot afford to hire the depth of field-level positions to do that work. So, we need the help of outside groups and partners in order to meet that resource need.

Senator LINCOLN. Well, we are continually looking for the dollars up here, too, to redirect towards the State side of land and water conservation, fish and wildlife—I mean, all of those different agencies that do a tremendous job in our States and need the resources.

It seems like some of the actions that you have taken really do address that, in terms of establishing an understanding that they can continue practices, provided the resources are there. Our States are also limited in the resources they can appropriate, but will do so. It is kind of a Catch–22. One of us will spook the other one out, I guess, and actually commit the dollars.

Ms. BRAASCH. Well, Mr. Chairman, as a follow-up, if I may?

It is interesting when I look at the summary, nationally, of how we spend technical service provider money, two-thirds of that goes to the private sector, which makes sense, whether it is engineering or other consultants.

But the next largest category is State government, and that is about 16 percent, because they are invaluable partners. And then, following that are soil and water conservation districts.

So, we really appreciate all those partners and, again, could not deliver conservation on the ground without them.

Senator LINCOLN. Well, Mr. Goad, as you will see in his testimony that the 1996 Farm Bill was the first to designate wildlife habitat as co-equal status with soil and water conservation as a goal for producers. It was a priority that was continued when we did the 2002 Farm Bill.

Do you have the necessary wildlife biologists on staff, do you think, at NRCS, to adequately consider and implement those wildlife considerations in the conservation plans with agricultural producers? Is that something that—I know that there are outside consultants, and certainly resources are dedicated to the private sector? But, I mean, do you feel like, at NRCS, you have the sufficient biologists on hand?

Ms. BRAASCH. Senator Lincoln, excellent question.

And it really gets to the heart of the matter of human capital. As a Federal agency, and part of the larger Federal Government, what critical disciplines do we have on staff based on our available funds?

Wildlife is a fascinating example to me because we do need a core expertise of wildlife experts. So, at a national level, a State office level, especially, we have the expertise in house to provide guidance, to be sure the quality is as high as it should be. But then, beyond that, when you look at the projects, I have seen tremendous gains.

And, again, working with a lot of State fish and game departments, because they have the staff level dispersed throughout a State that we can tap as needed with specific projects.

That comes back to what I talked about in my opening, having the right people in the right place at the right time, whether or not they are permanent employees. It is a matter of getting the product we need to the producers we serve.

So I think, on balance, if we utilize the provisions of TSPs, again, through producers and agency selection along with our core cadre, we can meet those needs. But it is a constant management challenge, quite honestly.

Senator LINCOLN. Thank you, Mr. Chairman.

Senator CRAPO. Thank you.

Just another couple of questions that I have, Sara.

And then if you have any more, Blanche, we would be glad to go ahead with them.

When the NRCS contracts directly with TSPs, is this done at the NTE rate, or is that rate ever exceeded? Could you just discuss with me, a little bit, the process that is handled at that point, when the NRCS is directly contracting with TSPs?

Ms. BRAASCH. Absolutely, Mr. Chairman.

I have to admit that when I worked for the Committee ten years ago I was very excited by the concept—and probably thought of it in very simple terms in my younger years. So, it has been fascinating to come back to the agency and learn the details of how we make this work.

There is one key detail I want to share with you to put it in perspective. Again, the not to exceed rates reflect our cost as an agency to do the job, and we use those as the baseline when a producer selects a TSP.

Now, in your question, I think what you are asking about, whether it is producer-selected or agency-selected, do we ever exceed those rates?

Senator CRAPO. Yes.

Ms. BRAASCH. The answer is yes, for a number of reasons.

The Iowa example I gave you, we exceeded the initial NTE rate going through a thorough review and a process to look—is it an accurate reflection of the workload and the time involved.

In other examples, and this was where, in my mind, it was fascinating to learn about the Brooks Act, which applies to all Federal procurement of architectural and engineering services. In those cases, with engineering, for the Brooks Act, we look at qualifications, first of an outside firm, cost, second.

As you can imagine, a number of our practices involve engineering assistance. So, per Federal law, we first look at the qualifications of the people who apply, who submit to the RFP. Once we know who is most qualified, we then negotiate the rate, which, in some cases, can and does exceed that NTE.

Senator CRAPO. All right. Thank you.

Now, I am aware that, in general, when contract modifications are made, there is also an adjustment in cost. Can you explain how that is handled?

Ms. BRAASCH. Mr. Chairman, in all of our work, quite honestly, whether it is TSP or an EQIP contract, we do see cost fluctuations.

As you know, from working with your constituents, fuel prices, right now, have had an impact on any number of parts of our economy. Specific to NRCS and agriculture, that means irrigation systems. Sprinklers, pipe line, costs can increase after the contract is signed.

We do have a process to look at those costs, whether it was an error of omission on our part, or a reflection of the marketplace, and to go in to modify a contract. I have seen, specific to TSPs, modifications that go both up and down from the original cost.

Senator CRAPO. I was going to ask if they ever went down.

Ms. BRAASCH. Which, you can imagine, has mixed reactions to the people who we work with.

Senator CRAPO. I would bet so.

That concludes my questions.

Blanche, do you have any more?

Senator LINCOLN. No. Thank you, Mr. Chairman.

Senator CRAPO. All right.

Well, Sara, thank you very much for coming. You are obviously very well prepared and understand this program. I think it sounds like you and the USDA are an advocate of the program.

Ms. BRAASCH. Thank you, Mr. Chairman.

Senator CRAPO. Thank you.

I would like to call our second panel at this point. I will identify them again.

First, is Mr. James Chapin, of Reading, California, who is the director of the western region of the Association of Consulting Foresters.

Second is Gene Schmidt, a member of the board of directors of the National Association of Conservation Districts.

Mr. David Goad, who is the deputy director of the Arkansas Game and Fish—you know, in Arkansas, it is the Game and Fish Commission and in Idaho it is the Fish and Game Commission. It throws me off every time.

And Mr. Doug Wolf, who is of Lancaster, Wisconsin, a member of the board of directors for the National Pork Producers Council.

Gentlemen, we welcome you all. I again remind you to try and pay attention to that clock so that we will have time for our questions with. We will start out in the order that I introduced you.

STATEMENT OF JAMES CHAPIN, DIRECTOR, WESTERN REGION, ASSOCIATION OF CONSULTING FORESTERS OF AMERICA

Mr. CHAPIN. Mr. Chairman, My name is Jim Chapin. Thank you for the opportunity to address your Committee.

First, I would like to start out with talking a little bit about the organization that I represent. I am on the board of directors for the Association of Consulting Foresters of America, which is an organization of consulting foresters throughout the United States that represents consulting foresters that work strictly for private landowners. They do not represent a procurement industry. They represent private landowners in managing their forest lands.

Thank you for the opportunity to be here and address you. A little about myself, I am a consulting forester in California. I had the pleasure, Mr. Chairman, of spending three years of my life going to the University of Idaho in northern Idaho. Probably three of the best years of my life. I still have a lot of good friends in northern Idaho.

I spent the first 20 years of my career working for the U.S. Forest Service, and the last 25 years have been as a private consulting forester. So I have been on both sides of the fence.

Senator CRAPO. Well, I am glad you got your initial training there in Idaho, where they have the best school in the country.

Mr. CHAPIN. I agree with you. I am glad I did, too. It was a great experience and it has been good for career. I still enjoy going back to visit.

Senator CRAPO. Thank you.

Mr. CHAPIN. What my comments are going to be based on is my experience as a consulting forester in northern California working with NRCS on conservation programs, primarily the EQIP program, environmental quality improvement program.

Besides being a consulting forester, I also own 82 acres of forest land, myself and I am currently enrolled in the EQIP program. So, have about five different conservation practices that I am doing on my property under the EQIP program.

We, as an association, and myself, personally, we really support the conservation programs under the Farm Bill. The EQIP program is being used quite a lot in Northern California on ranch lands and forest lands.

As you probably know, at least in the west, and probably in the east, too, most farm lands and ranch lands also have forest lands incorporated on their property. So, we feel that the forestry part of the Farm Bill, and wildlife, also, is very important to include forest management and wildlife habitat and improvement. We support the program and we also support the technical service providers part of it.

However, my experience in northern California is it is not working as well as it could. I spoke recently with the local conservationists for NRCS in my area and they have very few consulting foresters who have signed up for the technical service provider program under the TechReg procedure. I, personally, started to sign up about a year ago, and when I saw the cumbersome process that it took on the computer and what the cap rates were, I just decided that it was not worth my time. I had other things to do. I think that is unfortunate.

In northern California, Association of Consulting Foresters has 40 members who are consulting foresters. There are probably several hundred registered professional foresters in California who would be qualified and available to do this kind of work. But, as far as I know, there are none, or very few, that are actually doing it.

The reasons are probably twofold. One is the not to exceed rates are not competitive with forests compared to work that we do for private landowners and other agencies. Another reason is the NRCS offices are still doing a lot of the work themselves. I found out recently that if a landowner comes into an NRCS Office and asks to apply for an EQIP program, unless they specifically ask to have a technical service provider included in the project description then it is not done, and it is not even mentioned. So, they have to somehow know through written description, or going on the internet, or something that the opportunity is there.

Another reason is they have to pay the cost of the consulting forester upfront and then they are reimbursed by the agency, and a lot of times they do not like to spend that money upfront.

So, I think it is a great program. I feel that there are a lot of professional foresters out there that could provide valuable services. But it is not being utilized as good as it could be.

Thank you for the opportunity to address you. Are there any questions?

[The prepared statement of Mr. Chapin can be found on page 38 in the appendix.]

Senator CRAPO. Thank you very much, Mr. Chapin. We will hold our questions until the entire panel has given their testimony.

Mr.Schmidt.

STATEMENT OF GENE SCHMIDT, EXECUTIVE BOARD MEMBER, NATIONAL ASSOCIATION OF CONSERVATION DISTRICTS

Mr. SCHMIDT. Thank you, Mr. Chairman, and Committee member.

Good morning, I am Gene Schmidt, and I am a farmer from northwest Indiana and I farm 1,600 acres of seed corn and see soy beans, 120 acres of wheat, and about 900 acres of that is irrigated.

I serve on the executive board as the Chairman announced in the introduction, and I serve on the local soil and water conservation board in Laporte in northwest Indiana.

A cross the United States, nearly 3,000 conservation districts are helping local people to conserve land, water, forests, and wildlife, and related natural resources. We share a single mission, to coordinate the assistance from all available sources, be it public, private, local, State, and Federal, in an effort to develop locally driven solutions to the national resource concerns in the air.

Each day, conservation districts see the demand for technical assistance to apply conservation practices to the land, both through the Federal Farm Bill programs and through conservational technical assistance.

NACD, the National Associations of Conservation Districts strongly believes that the use of third party public private sector technical assistance to help implement conservation programs should be seen as a complement and a supplement, not a replacement of the existing delivery system.

Conservation districts have been a partner in the Federal, State, and local conservation delivery system for almost 60 years. Conservation district participation under the TSP initiative is through individual competition agreements where districts operate under a 50/50 match between NRCS and her State conservation agency, State associations or the individual districts themselves.

These agreements identify certain dollar figures, hours, and/or persons to assist in delivering that technical assistance. They also allow for the use of an administrative level district employee to assist with paperwork, thus freeing up time to provide technical expertise to focus on field visits and delivery of that technical assistance.

NACD feels that this flexibility for the States to develop agreements that meet the local and State demands is very important. Whether it is an additional technical staff or finding ways to utilize time and financial resources more efficiently with administrative personnel working in the office, so that the technical expertise NRCS has—professionals can work in the field with landowners.

In some districts, this 50/50 match has been a barrier in participation due to the lack of district funds. NACD continues to work with the districts to identify Federal sources for funding for their portion of that match to make that system work.

The expertise of the district and NRCS employees is a very important compliment to the private sector. Conservation districts' longstanding relationship with NRCS and with the farming community at the local level puts us in a very unique position to deliver technical assistance through both the TSP initiative and other avenues in that expertise.

Conservation districts have developed relationships with landowners and are looked upon as a trusted source of information and assistance. And, as you know, this relationship is very vital in the farming communities, that local-led process. The data from across the country for fiscal year 2005 shows that TSP dollars are ap-

proximately $53 million. Conservation districts received about nine percent of those funds delivered in their efforts of technical assistance.

According to USDA, the majority, 62 percent of those funds for fiscal year 2005, went to private entities. And the majority of this system provided for us was under nutrient management, under those dollars. The majority of funds for TSPs come through environmental quality incentive programs, followed by the conservation reserve program, and then conservation technical assistance.

States that meet TSP goals developed by NRCS, USDA, and the Office of Management and Budget, by contacting directly with private entities through producer-acquired contracts and through contribution agreements.

In Indiana, we utilize a variety of approaches through the TSP initiative. The TSP has grown in the State of Indiana, from 600,000 to about a million in the last four years. In 2003, the State focused on nutrient management, pest management, and comprehensive nutrient management plans this year, the first year that the TSP initiative was open to include additional practices, but predominantly focused on implement those EQIP contracts.

Our utilization of the TSP funds in Indiana has been 50 percent architect and engineering, 26 percent individual producer assistance from the TechReg, and 10 percent in contribution agreements, 6 percent in other agreements. Under the A&E category, the State can bundle work, such as the comprehensive nutrient plans, and contracts want businesses to do all those CNMPs in a State or in a region, based on the necessity.

In Indiana, districts provide technical assistance support on engineering, and helping to check out the approved conservation practices. We believe that the success of the TSP initiative is driven by those overseeing and managing the program within the State, including State conservation and District conservationists. These individuals responsible for developing the program entering into the contribution agreement, outreach TSPs and overseeing and approving the plans and projects from these TSPs.

This initiative from a national level to be implemented by the States and we understand that it has not always been a smooth implementation. However, with the demand for technical assistance continuing to grow, and we believe that there is a role in the private third party vendors. Districts and NRCS providing assistance to landowners to undertake these additional conservation practices on the land.

The future success of this program depends on its flexibility in addressing the specific demands each State may have, including staffing needs, resource concerns, and most of all, the local conservation priorities.

Thank you, Mr. Chairman and Committee, for an opportunity to present this to you.

[The prepared statement of Mr. Schmidt can be found on page 45 in the appendix.]

Senator CRAPO. Thank you, Mr. Schmidt.

Mr. Goad.

STATEMENT OF DAVID GOAD, DEPUTY DIRECTOR, ARKANSAS GAME AND FISH COMMISSION

Mr. GOAD. Good morning, Mr. Chairman, Senator Lincoln. It is an honor and a privilege to come before you today.

Mr. Chairman, let me start by thanking you and Senator Lincoln for your longstanding interest in and support for fish and wildlife conservation, and for the role that State fish and wildlife agencies play in that endeavor. We look forward to continuing to work with you as the next Farm Bill moves through the legislative process.

I come before you today representing this great State of Arkansas, as well as the position of the Association of Fish and Wildlife Agencies, of which all 50 States are members. I am glad to begin by giving you a little background about myself so that you might have more confidence in my testimony.

Although a wildlife biologist by degree and profession, I am a farmer at heart. My family moved to central Arkansas from Kentucky in the late 1800s. My great-grandfather purchased a sizable tract of land on the banks of the White River from the Iron Mountain Railroad. We have been Arkansas farmers ever since. So, I truly know the need for farm conservation programs.

Mr. Chairman, the mission of the Arkansas Game and Fish Commission is to wisely manage all the fish and wildlife resources of Arkansas, while providing maximum enjoyment for the people.

Until the 1996 Farm Bill made wildlife habitat co-equal to soil and water, the majority of the work that we performed was habitat and population management on public land. With approximately 89 percent of Arkansas in private ownership, we were overjoyed with the opportunity to get a chance to help manage habitat on private land, thus, having the ability to affect wildlife populations, as well.

It appeared that we might finally get to fully accomplish our mission. Prior to the availability of TSPs, the Arkansas Game and Fish Commission invested hundreds of thousands of dollars to cost share with the USDA to put habitat on the ground at no expense to the landowner.

Furthermore, for a two-year period, we paid the salaries of five temporary biologists that were house in NRCS offices around the State to provide wildlife and technical assistance. And, as you referred to earlier, Mr. Chairman, with the 2002 legislation, NRCS was charged with newly funded programs, along with increased funding for existing programs.

Knowing that NRCS has few trained wildlife biologists and that we were longtime conservation partners with them, financially, as well as providing labor, it only stood to reason that the TSP provision would finally create the cooperative conservation partnership we were working so hard to obtain. It was our feeling that this would finally insure that wildlife needs would be adequately considered and integrated into all Farm Bill programs.

Missouri and Kentucky are a couple of States that have successful TSP agreements. These States are cost sharing with NRCS and have hired additional staff to provide technical assistance on multiple Farm Bill programs. And, as Ms. Braasch referred, I have just recently learned of a successful agreement in Idaho, Mr. Chairman. Three agency biologists are now working in NRCS offices to provide technical assistance and the results, according to Mr. Hubeck, have

been great. Arkansas, as well as other States, would love to have similar opportunities.

All these agreements may be successful. These State agencies are taking a risk, since the NRCS is only willing or able to sign one-year agreements. Most States are going to be reluctant to commit funding and hire additional biologists without a longer commitment and adequate funding from NRCS.

Furthermore, it is not reasonable to expect States with limited staffing resources to put aside State mandated work to accomplish Federal work.

Mr. Chairman, I do realize that part of the intent of Congress was to involve the private sector and us. Certainly, I am not disagreeing with that concept. However, I guess, being a little selfish, I would say that they cannot possibly work with the effectiveness and the efficiency as our biologists can.

Furthermore, we will cost share that program, thus leveraging taxpayer dollars. And I do not think that probably happens with the private sector.

Mr. Chairman, Senator Lincoln, we owe to the American public to provide landowners with quality conservation technical support to insure the viability of farming and ranching for future generations, which includes keeping soil on the far, improving water quality, and restoring wildlife populations.

In closing, I would respectfully request your consideration of two things. Require TSP agreements with State fish and wildlife agencies to effectively incorporate wildlife conservation into all conservation planning and USDA programs and fund TSP at an adequate level necessary to fully administer these programs through multi-year agreements that will allow State agencies to hire additional staff.

And I believe this cooperative conservation partnership with USDA can provide a quality product that insures wildlife conservation as truly a co-equal objective of conservation planning and program implementation.

Thank you very much for the opportunity to share our perspective with you.

[The prepared statement of Mr. Goad can be found on page 41 in the appendix.]

Senator CRAPO. Thank you very much, Mr. Goad.

Mr. Wolf.

STATEMENT OF DOUG WOLF, MEMBER OF THE BOARD OF DIRECTORS FOR THE NATIONAL PORK PRODUCERS COUNCIL

Mr. WOLF. Good morning, Chairman Crapo and Senator Lincoln. Good morning to members of the Committee and to your staff.

I am Doug Wolf, a pork producer from Lancaster, Wisconsin. I am here this morning representing the U.S. Pork Industry. I am a proud member of the National Pork Producers Council and I serve on the board, and on the 2007 Farm Bill Task Force. My wife, son, daughter, and I own and operate a farrow to finish hog operation. We raise corn, soy beans, hay, and have permanent pasture. NPPC's written comments review in detail my experience with the technical service providers and NRCSs technical assistance staff, as well as NPPC's national TSP policy observations. I

will briefly summarize my written comments for you. Relative to our farm, we have a conservation plan for our operation. Through a combination of conservation measures, we are keeping erosion at or below T. We are following a precise ergonomic plan for our manure. We have done an on-farm assessment environmental review, and we now have a comprehensive nutrient management plan that was prepared by TSP.

Our experience with the local NRCS technical assistance staff has been uniformly positive. They have always been timely in their work, competent, effective, and helpful. They have worked with me to find ways to adapt their programs so they can work on our farm, and they have never created expectations that were not able to be met.

Despite this record of strength of the NRCS technical assistance delivery system and their staff, there is, in my mind, a clear need for technical service providers. Farmers need help with certain environmental practices and the NRCS is either not trained to do this work or simply does not have time to get it done.

The answer to this in our State is TSPs, in my view. Relative to my use of a private sector TSP to prepare our farm CNMP, the process worked. But if I could have changed anything, I would have wanted NRCS to have retained a TSP to do several CNMPs for several growers. I would have had far less paperwork and process to manage and oversee, and could have focused on conservation instead.

If NRCS was managing the TSP directly, it would have been more efficient for me and, I suspect, NRCS and the TSP. Relative to the national TSP program, NPPC offers the following observations.

First, NPPC believes that the more NRCS embraces the use of TSPs, the more the country will benefit from NRCSs particularly sound approach to natural resource conservation.

Second, NPPC believes that far more farmers would use TSPs if NRCS contract with TSPs, rather than having farmers serve as the middleman. And we believe the process will, in many instances, be more efficient.

Third, farmers are often confused by what NRCS's not to exceed payment rates mean and how they are to be used. Many farmers hear not to exceed, and they think it means the prevailing market rate and do not want to pay the TSP more than this. NRCS needs to clear this up.

On behalf of the National Pork Producers Council and the pork producers we represent and support, thank you for your continued and focused attention on technical service providers. The nation's pork producers are grateful for your leadership on these and other important issues for us, and look forward with you and this Committee. I would be happy to answer any questions.

Thank you.

[The prepared statement of Mr. Wolf can be found on page 50 in the appendix.]

Senator CRAPO. Thank you very much, Mr. Wolf.

I want to start out with just a general question to the entire panel. I take it from listening to your testimony and reading your prepared testimony that each of believe the TSP program is a good

program. There are things that could be fixed about it and so forth, but that it is a program that we ought to sustain and improve.

Many have raised concerns that we need to adjust the NTE rates for compensating TSPs, so that we can have a more robust system. The question that arises there is, given the difficult Federal budget situation that we have, if we have a limited amount of dollars to go to the TSP program—and whatever the amount of dollars that we end up with, it will be limited. It will be a finite number. If we increase the NTE rates, then will that reduce the availability of TSP services to a broader number of producers, do you feel that that is a concern?

Anybody want to jump in on that?

Mr. CHAPIN. I will make a comment, Mr. Chairman.

I think the best way to approach that or alleviate that concern is for the agency to put out requests for proposals and contract out directly with consulting foresters or whatever expertise that they need and to try to package several programs together into one contract. And also, if possible, make multi-year contracts. That way you will get a better rate and the rate will be, you know, it will be an open bidding process where it will be the actual market rate and it will have to be competitive.

I do not think that it would actually raise the cost. It would probably reduce the cost.

Senator CRAPO. So, the idea there is to, basically, try to achieve some economies of scale by getting more producers satisfied by the same project.

Mr. CHAPIN. Exactly. And try to make it more of a long-term agreement, rather than just project by project.

Senator CRAPO. Any others want to jump in on that question before I go on?

I will stick with you for a minute, Mr. Chapin. In your testimony, you indicated that there does need to be a greater capacity to deliver technical assistance to the forest landowner. What do you feel is the limiting factor, or what is limiting the capacity to deliver technical assistance to the forest landowner right now?

Mr. CHAPIN. One thing is lack of knowledge of the forest landowner, or the producer, as the agricultural people call them. We call them the forest landowner. Most forest landowners do not know that that option is available to them.

I think the other one is probably the agency feelings that they can do the job themselves. At least, in northern California they do not seem to be aggressive in letting the landowners know that there is the option to hire a consulting forester to prepare management plans or conservation plans and to oversee their projects.

It is partly information and education, and partly just an institutional thing with the agency.

Senator CRAPO. Thank you.

Mr. Schmidt, as you stated in your submitted testimony, the NRCS certifies TSPs in 42 different technical service categories, and there are more than 2,500—I heard 2,100 in the earlier testimony—on the TechReg. In your experience—and you heard, I assume, Sara Braaschs response to me on this general issue—in your experience, are there any areas of technical expertise in which cer-

tified TSPs are not available? Do we have gaps in the TSP availability?

Mr. SCHMIDT. Through my communication, Mr. Chairman, there are some gaps because, when you look at the tech web—and a couple of producers have shared with me that not always, as Ms. Braasch indicated, is their particular expertise listed under that TechReg identification.

So, in our part of the country, in the Midwest, a lot of private individuals, we call them CCAs, certified crop advisors, that work for the private sector are not listed on that web, but have done a great number of those, especially the nutrient management plan, scenarios. So, from the producer's standpoint and the district's standpoint, sometimes those local entities that are qualified have not, because of some inassurance of the continuation of that program and, in some cases, just the payment schedule that we do through the Federal agency scenario, have not stepped up and offered their services to that scenario.

So, I am not so sure that, on an extended plan—futuristic—we have heard the term "multi-year contracts," Mr. Chairman, spoke of. There are more entities out there, but, by the same token, as you asked the question about the rate, the scheduled payment, and are we economical and competitive—that onset, that there would not be more individuals available to do that work, but have not necessarily addressed and utilized their expertise to address this need that we are seeing in helping build those conservation plans throughout the country.

Senator CRAPO. All right. Thank you.

Mr. Goad, I have some questions for you, but I am going to let Senator Lincoln have the first shot at you.

So, I am going to move on to Mr. Wolf, here.

Mr. Wolf, you indicated in your submitted testimony that the NRCS could reach a significantly broader population of farmers with site-specific soil-based models of supporting conservation and environment work, if it can adapt itself to better use the TSPs.

In your opinion, what is the most significant limiting factor for NRCS's ability to use the TSPs?

Mr. WOLF. Well, I guess in my personal opinion—and I heard today that, in Wisconsin, in the 1980s, they started some of these TSP-type projects. But, in my own personal project that we have done this year with the new CNMP, it seemed like it was a new operating style with our local office. They were having some new problems getting used to what they were doing, how the TSP project worked. So, I think there was just some time—it is going to take time for them to get used to.

The other, second point that I might mention, the agency itself would maybe question their traditional role and jobs. This has been their job traditionally, and, now, why is it getting placed out? We can understand through downsizing and everything else they do not have the time, maybe some time for the training to do it. I was told not to mention it, but maybe a job security-type of concern.

Senator CRAPO. And in your testimony just now, you indicated that you felt that it would be better, if I understood you correctly, if the NRCS directly contracted with the TSPs rather than having the producer or the farmer be the middleman.

And I understand that it can be done both ways. I was under the assumption that I was sort of the choice of the producer as to whether they wanted to do the contracting or have NRCS do the contracting, itself. Is that not the case?

Mr. WOLF. I cannot answer that.

Senator CRAPO. Does anybody here know the answer to that question?

Mr. CHAPIN. My understanding, at least with the local conservationists that I have spoken to, it is not the case. The agency makes the decision whether they want to contract it out themselves or the landowner can hire the technical service providers.

Senator CRAPO. So, if the agency chooses not to do the contracting, then the landowner is left with no option.

Mr. CHAPIN. That is right.

And the other point that I was not aware of until recently is that the producer or the landowner has to identify the fact that he wants to use a technical service providers at the very beginning of the process. Once they get into the process, it is very difficult to say, "I have decided that I want to include a technical service provider."

Senator CRAPO. And was it you, Mr. Chapin, who said that they are not told that the TSP process is available?

Mr. CHAPIN. Correct.

Senator CRAPO. At least in the forestry community, they are not.

Okay. That clears that up for me.

Senator Lincoln, do you have any questions?

Senator LINCOLN. I have a few questions. Thank you Mr. Chairman.

Again, Mr. Goad, thank you for being here. We appreciate it. I want to welcome you to the Senate Agriculture's Committee Subcommittee on Forestry Conservation and Rural Revitalization. We appreciate your tireless work with Arkansas Game and Fish Commission, and particularly your willingness to make the trip up here.

Through your testimony, and certainly our experience in the State, Arkansas Game and Fish is a tremendously valuable partner in helping landowners meet conservation goals, whether it is WRP, CRP, WHIP, EQIP, any of them. We know that that is a valuable, valuable partnership.

Just a couple of questions I would leave out there for you. One of those programs that is especially near and dear to us is WRP, the wetlands reserve program. And, as you know, that program is extremely popular in Arkansas. I think we rank first in enrolled acres nationwide. We also have the highest number of unfunded applications.

The first thing would be, does the TSP initiative have a role to play in addressing that backlog, in terms of expedition, moving things forward more quickly, making it more accessible? And, if so, in your view, how might that effort be more successful?

And also, I would like for you to elaborate on the specific experience that the Arkansas Game and Fish has had working with NRCS in the State to approve those TSP agreements that we have been talking about here this morning; what opportunities, what ob-

stacles, other concerns that you have experienced in this regard in working with NRCS to approve those TSP agreements.

Mr. GOAD. First, I guess I would start with WRP.

There are three things about WRP—you are correct. We have enrolled over 200,000 acres in Arkansas, and we are very proud of that. And we do have an approximate backlog of 80,000 acres, approximately 350 landowners that we would love to get that habitat on the ground, as well. Three things that I believe really concern my Commission, our agency, and I think the public.

The first is that there has been a change in the appraisal process, how the appraisals are valued. For example, before, I believe, the process was changed, whatever the property market value, appraisal was, then the landowner was made an offer for, say, perpetual easement. And States had caps, and Arkansas' cap was in the $700–725 range.

Since that change has been made at the beginning of this calendar year—I am not sure exactly when it took place, we have not enrolled another acre in WRP in Arkansas. We do have a piece of property that we were trying to buy up over in western Arkansas that we know the offer was about $700–725 an acre, and we have yet to get the appraisal back. So, we do not know what the offer is going to be, but our assumption is that it is going to be quite a bit less.

There are three things that make up this appraisal process. To take the lesser of the three, one is the value of the property prior to the easement taken away from the value of the property with the easement, the geographical value of the land, and maybe the farmer has the option to make an offer. So, we believe it is going to be much less.

And there is one example that I can tell you about in Oklahoma where there was 280 acres enrolled and, prior to this change, and I guess the money was not available; the price of the property was $126,000. The landowner was offered $80,000 for the perpetual easement. After the new appraisal, his offer was $46,000. So, it is a significant difference, about 36.5 percent. I do not believe the landowner would accept it, and I do not think you would. I know I would not.

Again, the other issue is the large backlog, and then, lastly, the continued lack of funding for technical assistance, not only for enrollment, but for restoration on those projects.

Will the TSP program help that? Probably not. It is going to have to take, maybe, a policy change to go back to the appraisal process that we had before and adequate funding for enrollment and restoration.

Your question about our experience with agreements. We have had a couple of agreements with NRCS. We do not have any now. The first two, I have to admit, went not as well as we would like for them to have been.

As you can see from my testimony, we have been a partner for a long time, actually, since 1986, when we actually created a position of Farm Bill coordinator. We have contributed hundreds of thousands of dollars out of our pocket to put habitat on the ground.

So, when the TSP program became available, we felt like it was a golden opportunity for us. The agreements that we signed were

inclusive of WRP, CRP, WHIP, EQIP. When we began to submit invoices, which included some CRP and EQIP hours, we were told that some mess up had caused us not to be reimbursed for anything for WHIP hours.

So, we did leave some dollars on the table. I think it frustrated NRCS. We understood that State NRCSs were being chastised for not spending all the money. So, they have been somewhat reluctant to enter into any agreements with us since then.

We have been, as of late, talking to the State conservationists and, hopefully, we got all that taken care of, and we would love to enter into a long-term agreement if we could, if that is possible, and hire additional staff.

And again, I think a point that needs to be made, and I think you all understand, is that we cost share those positions and taxpayer dollars are leveraged and we get more habitat on the ground for the taxpayer's dollar.

Senator LINCOLN. Thank you.

Just one last question, Mr. Schmidt.

Many of your fellow panelists, and your testimony, cites concerns about the existing NTE rate for TSP services. You referenced that, in some instances, the smaller projects do not have the NTE reimbursement rates that make the project of value to private business to engage in. Is there anything you can elaborate on that concern? Maybe you could provide an example for the Committee of where it has been a problem, or something that you have noticed.

Mr. SCHMIDT. In a couple of situations—and, again, I think a lot of it is based on the demand. In some cases, one case in particular, where the particular watershed was included under the new TSP program. And, in that watershed, the private retailer had worked with a lot of those producers. They had a lot of the records.

So, they did not have a lot of additional efforts to make to help those individuals fill out the paperwork, which would have been similar to a CNMP or any other contract. Had they had to go on their own, because of the—and we are going back to Mr. Chairman's question on, do we have the adequate fulfillment out there for the needs under this TSP provider program. This individual shared with me that, had she been a private entity that her business could not have withstood the timeframe of writing the program, the farmer submitting the contract, and then the reimbursement, and the farmer saying, "I cannot pay you until I get paid." The fact that she worked for a retailer; it was part of her retailer agreement that they would have done that for their clients. So, when you are looking at, is the ability out there to do that? I think that is a lot of what you are seeing, is, if we are going to fulfill the need, there is somewhat of a hesitation by those individuals that are sole proprietors to do that on their own because of the drag in the schedule, basically, the rate of the time committed, unless it is a multi-year agreement, from that scenario.

From a cost view, going back to Mr. Chapin's comment, you know, do we combine that to make it more economical and lucrative for the private sector individuals to provide the expertise? And a lot of that is true, too, is when those individuals that have, as Mr. Chairman related, the number of categories in that conservation agreement thing, the individuals that had the expertise to ful-

fill that whole scenario or can just, maybe, use their efficiencies to provide one component of that contract need.

Senator LINCOLN. Well, Mr. Chairman, I appreciate it. I apologize that I have to excuse myself, but I do want to say that I think I have heard almost everyone here on this panel mention that an extended amount of time would be enormously productive, in terms of cost and ability to negotiate things.

So, hopefully, we can work with you all further in looking at how some of those multiple year type agreements would be more advantageous to all of us, in terms of cost and, certainly, the final product of what we are getting.

I have a few last questions that I will submit for the record, if you do not mind. Again, I thank our panelists for being here. We do appreciate it and, as the Chairman and I have moved forward in working together on the Farm Bill, we will be looking back to you for more suggestions and certainly recommendations.

Thank you, Mr. Chairman.

Senator CRAPO. Certainly. Thank you.

I will tell you and everyone here, now, we are going to keep the record open for five days, and you will probably get some written questions from Senator Lincoln and myself and some of the other Senators who are not able to be here. So, we would encourage you to respond to those.

Senator LINCOLN. Thank you.

Senator CRAPO. Thank you.

I just have a few more questions, myself.

Mr. Schmidt, I will start with you. You indicated that, in some districts, the requirement for a 50/50 match has been a barrier to participation due to the lack of district funds. And also that it is expected that the NRCS will only be able to fund about half of the agreements that were put forward to deliver technical assistance.

The question I have is, when that happens, does the service simply not get provided, or does it then get picked up by the private sector or an NGO, or does the NRCS itself provide the technical assistance?

Mr. SCHMIDT. I think, in all fairness, Mr. Chairman, in some cases, when we talk about backlog of activity and, in some cases, that is primarily what we are saying. We make every opportunity in every case to make sure that the program is implemented with the customers. But I cannot sit here and tell you that we do not have a waiting list of helping those producers fulfill their opportunities.

And that 50/50 match from the district level—and, in a lot of cases, the districts have received some State funding and they have received some county funding and, in some cases, they use their technical expertise to generate funding on their own. But, as both State dollars, in some cases, the budgets have shrunk and in county government, budgets have shrunk.

There is a continuing effort for those districts to be able to generate that 50/50 match on their own that if, because of the limited staffing from NRCS in some cases and if the district cannot pick up that lapse in service at the local level that we have advertised for TSPs to come in and supplement that scenario.

And then, as you indicated, what Federal dollars may be available has probably been one of the limiting factors that we can get more of the private sector to engage in that business opportunity, for fear that it will not stay there or it will just be a limited opportunity. But it truly is a concern we have of getting that technical assistance in the field to make sure that we do not have an opportunity for a producer to be involved in a program when we do not have the staffing to fulfill that need to take care of that.

Senator CRAPO. Well, thank you very much.

And, Mr. Goad, I will come to you now. I noted in your testimony that you indicated that you feel that we need to be more effective in integrating the wildlife concerns into our farm programs, just by way of example.

First of all, I agree with. I know Senator Lincoln does, as well. She and I are both working in another context on some reforms to the Endangered Species Act, which would help to facilitate the integration of our conservation efforts under the Farm Bill with our recovery efforts under the Endangered Species Act. We always run into issues, there, but it is a very important objective, and I wanted to just let you know that I agree with that objective.

The question that I want to raise with you, and I really would like to have the entire panel feel free to engage on this, is it has been mentioned by several of you, Mr. Goad, in particular, that these multi-year agreements could be very helpful.

I assume you all heard the testimony of Sara Braasch, which was that the major limiting factor is the fact that both Congress and most State legislatures operate on an annual appropriations process. This is an issue, by the way, that we face in all kinds of different arenas, where the inability to engage in long-term contracting restricts our ability to be economically efficient in the delivery of services that we want to try to provide. And it is one which many of us struggle with here at the Federal level, in terms of trying to see how we can engage in an appropriations process that will allow us to have the long-term contracting capacity.

So, the question I have is to the whole panel, and I will start with you, Mr. Goad, as to whether you can think of some creative ways that we could resolve that issue and achieve the kind of long-term arrangements that would still be able to be addressed with our annual appropriations-type processes.

Mr. GOAD. That is a great question, Mr. Chairman, and it is going to be very difficult, I think, to answer adequately.

However, I know in our State budget, it is a biannual budget. The legislature approves it for two years. And, quite often, we can write multi-year contracts for more than two years, with the statement I believe, that Ms. Braasch added, that it is dependent upon funding and approval in the years to come. So, that is one alternative.

I believe that it would certainly make most States feel better. And you are correct; most States have to have legislative approval. The State legislatures approve not only their budgets, but extra staff. So, it is very difficult, but it would make a huge difference if we could somehow accomplish this.

Senator CRAPO. Anybody else want to jump in on this?

Mr. Chapin.

Mr. CHAPIN. Mr. Chairman, I have some experience.

My firm has a five-year contract right now with the U.S. Forest Service, which is a Federal agency, as you know. It is a fairly new thing. I think they first started doing it about two years ago, but the way they work it is they have a request for proposal for providing forestry services on national forest land to prepare timber sales and mark and cruise timber and whatever it is that they think that they are going to need have done.

All consulting firms are offered the opportunity to bid on it, and then they select four or five firms in the whole State that they feel are the most qualified and have the best cost proposal. And then, in turn, we received a five-year agreement to do contract work on forest service land based on an annual need. It is kind of a call as needed contract, and based on a work order.

So, every year they will give us or some other qualifying firm a work order to do a certain amount of work, but that is based on our annual budget. That work order is only for the fiscal year. But the contract itself is a five-year contract, but each work project is a one-year project, or less.

Senator CRAPO. So, the agency would be able to, if it didnt have a budget in a particular year, it would be able to solve that by not calling for the work.

Mr. SCHMIDT. That is right. They would not give out any work orders. So, it is based on the funds being available and based on the need for the work to be done by a consultant.

Senator CRAPO. I can see how that would work.

And I am also aware—I mean, we are all aware—that in the Defense Department they have multiple year contracts, and in the Department of Energy they have—I am sure that in every department we could come up with examples. I am going to have to go check into this and see how it works.

I know that in some that I am more familiar with, there always is that contingency as to whether or not the Federal Government will appropriate on a multiple year basis to fulfill the contracts, but it would seem to me that we could get around that. I mean, not get around it, but that we could achieve the objective of multiple year contracting, even facing that potential risk of the appropriations process.

Anybody else want to jump in on that question before we go forward?

Mr. Wolf.

Mr. WOLF. If I could, the EQIP program oftentimes runs in multi-year terms.

Senator CRAPO. That is right.

Mr. WOLF. Maybe some of those moneys could be used.

Senator CRAPO. So, there is another good example, right in the conservation programs themselves of how we can achieve it.

So, it seems to me that this, as well as a number of the other suggestions that have been made here today are very, very helpful and will be utilized by us as we move forward.

I just had one more area that I wanted to get into—actually, I want to get back to it. It is that question of whether the direct contracting by the NRCS is preferable to having the producer do the contracting and then pay the TSP provider themselves.

Does everybody on the panel agree that the preferred approach would be to have the NRCS do the direct contracting?

Mr. CHAPIN. Yes. I agree, Mr. Chairman.

I believe that the agency believes that that is the best approach, also.

Senator CRAPO. Anybody disagree with that?

That being the case, does anybody want to speculate or jump in on why it is that the agency does not promote it more?

The testimony that we have had today is that it is not very well promoted to the producers who come in and seek the services.

Mr. SCHMIDT. Mr. Chairman, if I may?

Senator CRAPO. Yes. Mr. Schmidt.

Mr. SCHMIDT. I think may be of the apprehension, as you know as well as I do, that as we have had that conversation here this morning, we do not have the availability of assistance at the local level for technical assistance.

And, from a personal opinion, if I know my time is allotted, the last thing I want to do is market more of my skills then I am going to have more people dial on the phone to talk to me. And that has been a fear.

In my own district, you know, we have tried to train some of our part-time people to answer some of the questions that we can utilize that technical staff to get the technical work done, as Mr. Wolf shared, you know, some of those needs might be.

And I think if there is a reason why NRCS is not marketing that opportunity, it is because we know of the limited time we have available to actually get the work done. And the sad part is that you cannot be PR and then get the handwriting done at the same time.

So, from that defense of NRCS—but at the same time, I think that the local community would appreciate knowing that we had the expertise locally, because in more cases it is a lot easier to deal with an entity locally, than it is to do, as you questioned earlier, you know, how would I communicate and work with somebody that is eight, or nine, or ten States away.

Senator CRAPO. Right.

Mr. SCHMIDT. That does not mean they do not have somebody in your local level, but it is just comfort level to deal locally, knowing the expertise—if you have a question, a quick visit, that kind of scenario.

Senator CRAPO. All right. Anybody else?

I just have one last question, and frankly I think this question is probably for the NRCS, so I will submit it to them. But I wanted to ask it, just in case somebody knows the answer. Does anybody know the proportion of contracts that are done directly versus the proportion of contracts that are done through the producers?

I suspected we would not know that, but we will get that information out of the NRCS.

Well, I want to thank this panel for coming forward. Both your written and your oral testimony, today, have been very, very helpful to this panel. Obviously, this is a very important part of our deliberation as we develop the next Farm Bill. And the conservation title itself is going to be, again, one of the most significant and key parts of the Farm Bill. This Subcommittee is going to have a major

role in crafting that, so your advice and providing of your expertise to us is very helpful and appreciated.

If you feel that you would like to supplement whatever you have had an opportunity to say today with further ideas or thoughts, please do not hesitate to do so. And, as I indicated previously, the record is going to be held open for five days, so you may get some questions in writing from other members of the Committee or Senator Lincoln and myself, as well. I would encourage you to respond to those fully, as well.

With that, this Committee is adjourned.

[Whereupon, at 11:34 a.m., the Subcommittee was adjourned.]

APPENDIX

JULY 27, 2006

STATEMENT OF
SARA BRAASCH, REGIONAL ASSISTANT CHIEF
NATURAL RESOURCES CONSERVATION SERVICE
U.S. DEPARTMENT OF AGRICULTURE
BEFORE THE

SENATE SUBCOMMITTEE ON FORESTRY, CONSERVATION

AND RURAL REVITALIZATION

July 27, 2006

Thank you, Mr. Chairman and Members of the Committee. I am pleased to be here today to report on our progress in implementing the Technical Service Provider (TSP) provisions of the 2002 Farm Bill. The TSP provisions were authorized in Sec. 1242. of Title II of the Farm Security and Rural Investment Act of 2002 (2002 Farm Bill). It is designed to ensure the Department of Agriculture has the capacity to address the significantly increased workload associated with implementing 2002 Farm Bill conservation programs.

The Farm Bill directed the Secretary of Agriculture to establish a certification process approving individuals and entities to provide technical assistance to carry out conservation programs under this title. It also directed the Secretary to establish the amounts and methods for payments for that assistance. The Secretary delegated those authorities and directives to the Natural Resources Conservation Service (NRCS). I am here today to report on our progress in achieving these directives.

NRCS has worked with more than 2,100 TSPs, obligating $163.5 million from fiscal year 2003 through 2006, thereby providing over one million hours of technical assistance through private and non-Federal governmental organizations to attain additional conservation achievements.

NRCS' mission is "helping people help the land," and I am delighted to have this opportunity to tell you how the TSP provisions allow us to add capacity to our workforce in a flexible manner, and enables us to extend a broad range of technical services to private landowners.

Increasing Demand for Technical Assistance

NRCS provides technical and financial assistance to help our customers care for the natural resources on their land. As a result of our assistance, land managers and communities take a comprehensive approach to the use and protection of soil, water, and related natural resources on America's private lands.

Since 2002, NRCS has provided assistance to one million farmers and ranchers. With our assistance, they have applied conservation on more than 130 million acres of working farm and ranchland in addition to 60 million acres enrolled in land retirement and

easement programs, such as the Conservation Reserve Program (CRP), the Wetland Reserve Program (WRP), the Grassland Reserve Program (GRP) and the Farm and Ranch Land Protection Program (FRPP). We have also invested $6.6 billion of the taxpayers' funds directly with farmers and ranchers to produce environmental improvements that will benefit everyone. 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 more than $2.8 billion to conservation programs, making the total investment under the 2002 Farm Bill through last year, more than $9.4 billion.

We recognized that with this historic increase in conservation funding, the need for technical information and advice exceeds the capacity of our Federal workforce to respond in a timely manner. Also, a significant percentage of the NRCS workforce will be eligible to retire within the next 5 years, a factor that compounds the challenge for the Agency to deliver conservation technical assistance.

With these considerations, NRCS developed a strategy to manage human capital resources that includes the use of private individuals, business entities, non-government organizations, and non-Federal government organizations as TSPs. This will expand our capacity to ensure that we provide the right skills, in the right locations, and deliver high quality conservation products and services.

Adding Technical Assistance Capacity

Our customers should receive the best technical information that we can provide. Effective stewardship depends on having science-based information and technology that are up-to-date, easily accessible, and designed to meet user needs. TSP assistance is a tool for NRCS to use to extend capacity, in a flexible manner, in meeting the demand for technical information and advice to implement conservation programs.

NRCS can address technical assistance demand through a combination of three methods: 1) Individual Technical Service Providers--this is when a participant contracts directly with a TSP for the technical services needed, 2) Contribution and Cooperative Agreements for Technical Services--this is when the Agency contracts directly with a TSP, and 3) the Agricultural Conservation Enrollees Seniors (ACES) program to support the TSP provisions. I will discuss each of these in detail.

Individual Technical Service Providers

First, farmers and ranchers can hire individual certified TSPs to help them plan and apply conservation work. NRCS enters into a contract agreement with the producer to hire the TSP to complete technical work, and then the Agency reimburses the producer for the cost of the technical service.

Landowners and producers can locate TSPs certified in their State and county from our on-line tool called the TechReg Web site (http://techreg.usda.gov). It is a convenient way for the producer to locate and choose certified TSPs who can help them meet their conservation goals.

TechReg is an Internet-based system for approving and listing individuals and business entities that are qualified to provide technical services.

Through TechReg, a TSP can register to provide technical services for many categories of work, and in multiple locations. TSPs may provide assistance in 42 different technical service categories. The categories listed on the official TechReg Web site, with details about criteria that qualifies a TSP, include such areas of expertise as Land Treatment - Tillage and Erosion; Nutrient Management - Organic and Inorganic (Current); Pest Management; Land Treatment – Vegetative Land Stabilization; Land Treatment – Buffer; Wetlands (Interdisciplinary) Biological Components; Certified Conservation Planner (Current); Comprehensive Nutrient Management Plan (CNMP) Development - Nutrient Management and total CNMP Development; and Channel and Streambank Stabilization.

Mr. Chairman, I am pleased to report that, at the end of June 2006, NRCS had over 2,100 individuals, more than 200 businesses certified as TSPs, and an additional 150 individual applications pending review and certification.

As examples of their importance to our work, engineering services purchased from TSPs gives us flexibility to add expertise when budgets expand, and to better adjust technical assistance without having to eliminate critical permanent positions when budgets contract.

Nutrient management planning, rural land appraisals, engineering services, and cultural resources reviews are all critical areas where our in-house capabilities have been limited. NRCS has kept up with the demand for services by using TSPs that are certified to provide these services.

For example, an Indiana producer working with a TSP increased corn production as a result of EQIP nutrient and pest management plans. Developing these plans improved the plant stand by making planting adjustments while reducing the amount of phosphorus and atrazine applied. Scouting for insects and the use of Integrated Pest Management (IPM) identified secondary insects needing treatment. The producer was very happy with the increase in yield as a result of this TSP assistance.

NRCS has reached out aggressively to establish formal relationships through Memoranda of Understanding with 14 key certifying organizations. The goal is to forge a partnership and cooperate on bringing qualified TSP assistance to working lands farmers and ranchers. 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.

Contracts and Contribution Agreements for Technical Services

Second, NRCS may obtain technical support services directly through procurement contracts, contribution agreements, cooperative agreements, or other appropriate instruments for obtaining technical assistance services.

These agreements are established through a project proposal process with a Request for Proposals. Governmental and non-government private organizations bid on specific projects to provide technical services.

Cooperative agreements provide technical assistance to perform specific deliverable technical products that producers need to complete projects such as riparian forest buffer plantings, cultural resource reviews or environmental assessments.

For example, in Montana, NRCS has been successful in improving habitat for Threatened and Endangered (T&E) species such as: bull trout, west-slope cutthroat trout, and the fluvial arctic grayling. NRCS bundled together habitat restoration practices used on private working lands, to restore stream conditions in the Blackfoot and Big Hole River Watersheds.

Contribution agreements bring matching funds from the successful organization to projects contracted to provide technical assistance. Using TSP funds, Vermont NRCS developed a contribution agreement with the Vermont Agency of Agriculture, and Vermont Conservation Districts. This agreement established Land Treatment Planners that were strategically located across Vermont to develop the land treatment component of CNMPS. This agreement has been highly successful in addressing a critical conservation need for Vermont livestock producers.

Historically, private-sector entities have received 62.25 percent of the TSP investment, which equals roughly $101.8 million of the overall investment of $163.5 million in TSP technical assistance. Below is a list showing the distribution of obligations to individuals, businesses and non-government entities.

FY 2005 TSP Obligations by Entity	
Private Sector (producer contracts and agency contracts/agreements with TSPs)	62.2%
State Government	15.9%
SWCD	9.4%
NGO	3.7%
RC&D Associations	2.8%
Local Government	2.0%
Tribal Government	1.7%
Universities	1.7%
Other	0.4%
Federal Government	0.1%

We are excited about these partnerships and the prospect of third party expertise continuing to complement our ongoing work. We have made use of this extra capacity to achieve important performance goals in assistance to livestock producers in developing CNMPs. Third Parties have been particularly helpful in conducting appraisals for conservation easements to complete restoration of valuable wetlands and in addressing cultural resource issues.

Agricultural Conservation Experienced Seniors (ACES)

And finally, NRCS implemented a pilot project called Agricultural Conservation Experienced Seniors (ACES) to support the TSP provisions and expand the number of available technical experts even further. ACES is a cost-effective means of obtaining experienced older workers (age 40 or older, but targeting retired seniors) to allow NRCS employees the flexibility to meet high conservation workload demands. NRCS entered into an agreement with a nonprofit organization, the National Older Worker Career Center (NOWCC), that will recruit, familiarize, place, pay, and support participants selected to assist in addressing the conservation workload. Some of the workers are retired NRCS, retired non-NRCS natural resource professionals, former district employees, and other professionals, administrative and clerical, and technical. NRCS has 148 ACES positions throughout the Agency.

The employees hired through this pilot receive a stipend, and work on a temporary basis for 16 to 32 hours a week. The ACES participant's work is monitored by an NRCS employee, but he or she is not considered a Federal employee as they work for the partnering organization. Approximately $1.9 million dollars have been obligated to support staff positions under this program throughout NRCS since it began in 2002.

A proposal has been submitted to Congress to broaden the Secretary of Agriculture's authority to contract services of experienced conservation professionals, 40 years or older, under the ACES program.

Quality Assurance

Quality assurance and oversight of this program are important goals of implementation. NRCS established national certification, certification renewal, decertification, and recertification processes for TSPs. To monitor the competence of TSPs, NRCS switched from a self-certification process in fiscal year 2005 to a verification process that enables State Conservationist to check a TSP's qualifications prior to certification.

In March 2006, NRCS began the mandatory 3-year certification renewal of TSPs. This requires NRCS to review the qualifications of TSPs and verify they are still qualified to provide technical service in the categories they selected. This review ensures that projects completed meet NRCS standards and project documentation requirements.

Conclusion

In conclusion Mr. Chairman, TSPs have been a tremendous help in implementing the conservation provisions in partnership with NRCS employees across the Nation.

There are still areas where NRCS needs to work to make the TSP provisions the most efficient, effective tool it can be. These areas include improving the role of certifying organizations that provide assurance that TSPs are qualified; improving farmer and rancher acceptance of TSP services; and, meeting farmer and rancher environmental requirements, such as clean water protection or endangered species habitat improvement, using TSP assistance.

The TSP provisions help NRCS to be flexible in adding capacity when our program workload demands require more technical assistance and in rapidly reducing our commitment when budgets are tightened.

As we move forward, we will accelerate the use of third-party sources of technical assistance. We recognize that the workload posed by future demands for conservation will increase significantly. In order to meet that demand, we will continue to seek resources to complement our existing technical resources with a cadre of qualified experts.

Thank you, Mr. Chairman, and Members of the Committee, for the opportunity to appear here today. We appreciate your continuing support for the conservation provisions of the 2002 Farm Bill. I would be happy to respond to any questions that Members might have.

STATEMENT OF JAMES D. CHAPIN, DIRECTOR, WESTERN REGION
ASSOCIATION OF CONSULTING FORESTERS OF AMERICA
BEFORE THE

SUBCOMMITTEE ON FORESTRY, CONSERVATION, AND RURAL REVITALIZATION
SENATE AGRICULTURE, NUTRITION AND FORESTRY COMMITTEE
JULY 27, 2006

Mr. Chairman and Members of the Committee, on behalf of all members of the Association of Consulting Foresters (ACF), thank you for the opportunity to appear before you today and offer a consulting forester's perspective on the use of technical service providers (TSPs) to expand the delivery of technical forestry assistance on private lands.

ACF is the only national association for consulting foresters whose primary work is consulting to the public. ACF members operate in corporations, partnerships, and sole proprietorships with 1 to over 100 employees. Many are general foresters, while others have professional specialties within forestry. Clients include landowners, forest industries, investment and financial industries, attorneys, government agencies, bankers, trusts, Native American corporations, and many others. Many operate within their own localities, while others consult worldwide.

Everyone here today knows the importance of our nation's privately-owned forestlands – they supply nearly two-thirds of our nation's drinking water and they provide 60% of the nation's wood products. These working forests are vital to healthy rural economies and forest industry, these forests provide opportunities for recreation and hunting, these private forests provide immeasurable wildlife habitat and are vital to our clean air.

Providing technical assistance to owners of family forests is a challenge. Forty-two percent of the nation's forestlands are family owned and are held by over 10 million landowners. Nine out of ten family forest owners own tracts of less than 100 acres. The most recent USDA National Woodland Owner Survey describes over 105 million acres of family forests as being on farms. Studies tell us that only 3% of family forest owners have a written management plan and only 22% of them have sought professional advice prior to management activities that may degrade the quality and productivity of their lands. It is clear that there needs to be greater capacity to deliver technical assistance to the forest landowner.

As a consulting forester, I have learned how much the landowner values the ability to have a resource professional walk with them on their property and help them achieve their vision for their forest. Federal, state and private sectors all have important roles in providing the infrastructure that delivers technical assistance to the forest landowner.

ACF developed a Memorandum of Understanding with the Natural Resources Conservation Service (NRCS) in September of 2004. NRCS provided programs on TSPs at the ACF national meeting in 2005 and several NRCS state staff foresters have worked

with consulting foresters to expand forestry assistance. This MOU may have increased awareness of the TSP process, but it did not improve efficiencies in terms of the number of members qualifying as providers.

Although there have been some improvements and local successes, I should mention some of the barriers preventing foresters from participating as TSPs and some suggestions for further improvement. Payment rates have historically been set below any realistic amount that would provide fair compensation for a forester to provide landowner assistance. We have seen a recent increase in payment rates in some states that are beginning to reflect reasonable minimum compensation. We are optimistic that payment rates can continue to increase.

While it is technically correct that a resource professional can charge more than what is listed on the "Not-to-exceed rate" for services posted on the Internet-based TechReg website, this is impractical. In reality, the landowner who sees these rates feels that this is the maximum rate anyone should ever have to pay for such services, as stated by the government. We need to look for another way of expressing the cap on the maximum government contribution for services.

TechReg is still daunting and burdensome. Part of that is because it is new to both the landowners looking for services and to the prospective providers of technical assistance. We believe that the new rule eliminating the self-certification process and requiring the approval of the State Conservationist in each state is a positive step. A simple application package should be sufficient to show that we meet the requisite professional and ethical standards. Within the forestry community, however, we are still concerned that the option of qualifying only under experience is weak and inappropriate and that qualifications should be based on education or the certification criteria in TechReg.

Although the number of forestry practices applied using TSPs has been disappointing – with forest stand improvement only used 147 times in FY2005 – it was the seventh most applied practice out of 84 practices using TSPs. As we watch the use of forestry practices increase each year in such conservation programs as the Environmental Quality Incentives Program, one would expect this number to also increase.

Payments funneled through the landowner as reimbursements make the landowner sometimes unable to fund the work. Contracting directly with NRCS would provide a more direct and responsive mechanism for participation by both the TSP and the landowner. We suggest that NRCS continue to explore expansion of bundling services through cooperative agreements and requests-for-proposals. Larger consulting firms might be attracted to provide technical assistance through such requests.

Consulting foresters have also noticed more elderly forest landowners who view their land as a family legacy and are creating trusts with younger family members in order to pass the land on to the next generation. This means more owners who have to reach consensus on any management plan or conservation practice that is to be carried out, thus

increasing the amount of time the provider must invest with the clients without additional compensation under current rates.

Consulting foresters are available in all forested states and there are examples of successful use of these foresters in stewardship and cost share programs. One I am very familiar with is the California Forest Improvement Program. This state program requires that a Registered Professional Forester prepare a management plan and the project plans for all cost share programs. The management plan is an important first step for any forest landowner.

The task of providing technical assistance to such a large number of forest landowners is daunting. Technical service providers must be appropriately compensated so that a collaborative delivery system with roles for the federal, state and private sectors can be effective in delivering technical assistance to landowners. ACF suggests that the best and greatest opportunity for expansion is in the private sector.

I appreciate the opportunity to share the ACF perspective on the TSP process and on our thoughts for improvements and growth. I will gladly answer any questions that I can.

SENATE AGRICULTURE SUBCOMMITTEE ON FORESTRY, CONSERVATION AND RURAL REVITILIZATION
OVERSIGHT HEARING ON TECHNICAL SERVICES PROVIDERS UNDER THE FARM BILL
By DAVID GOAD, DEPUTY DIRECTOR
ARKANSAS GAME AND FISH COMMISSION
July 27, 2006

Good morning Mr. Chairman, Senator Lincoln, and Committee Members.

It is an honor and a privilege to come before you today.

I am David Goad, Deputy Director for the Arkansas Game and Fish Commission (AGFC). I was invited to testify before you today about the Technical Service Provider (TSP) Program, authorized in the 2002 Farm Bill, administered through the U.S. Department of Agriculture (USDA), Natural Resources Conservation Service (NRCS). Let me start by thanking Chairman Crapo and Senator Lincoln for their long-standing interest in and support for fish and wildlife conservation and for the role that the state fish and wildlife agencies play in that endeavor. We look forward to continuing to work with you as the next Farm Bill moves through the legislative process.

I come before you today representing the Great State of Arkansas as well as the position of the Association of Fish and Wildlife Agencies (AFWA), of which all 50 state fish and wildlife agencies are members.

The AFWA represents all of North America's fish and wildlife agencies - promoting sound management and conservation, speaking with a unified voice on important fish and wildlife issues. The AFWA represents its state fish and wildlife agency members on Capitol Hill and before the administration on key conservation and management policies and works to ensure that all fish and wildlife entities work cooperatively on the most important issues.

The Arkansas Game and Fish Commission is in the process of trying to identify all the marginal farmland that is still in production today. It should be a cooperative conservation goal to target these acres and restore them to the wetland habitat that they once were. Had this been a goal when the Conservation Reserve Program (CRP) and the Wetlands Reserve Program (WRP) were first conceived, just think of the wildlife corridors and stream side buffer zones that could have been restored; thus, resulting in less and less sedimentation, fertilizers, herbicides and pesticides flowing down our rivers and streams today. Without immediate conservation measures, this will continue to get worse; something needs to be done now.

There is no better time than today to target this environmental pollution occurring across our farms in the southeast United States as well as other areas of the country that drain into the Mississippi River. Farm Bill conservation programs have the funds and ability to help us reverse this trend of degraded water quality and landscape health and at the same time integrate wildlife features that will also target declining wildlife populations such as bobwhite quail and grassland/forestland songbirds.

The 1996 Farm Bill was the first to provide wildlife habitat as a co-equal status with soil

and water conservation. Wildlife as a priority was continued in the 2002 Farm Bill. The addition of wildlife habitat as a clear purpose along with traditional soil and water conservation purposes injected a new conservation objective only incidentally provided in previous conservation planning efforts with agricultural producers. The Natural Resources Conservation Service (NRCS) has few trained wildlife biologists on state staffs to ensure wildlife needs are adequately considered and integrated in all conservation plans with agricultural producers.

With the 2002 legislation, NRCS was charged with numerous newly funded programs along with increased funding for existing programs. We believe the intent of Congress through the Technical Service Providers (TSP) provision was to provide the agency the ability to reach outside for technical support to meet all of the objectives- soil, water and wildlife- of this landmark conservation title. We also believe the intent of Congress was to include state fish and wildlife agencies in the TSP process.

The Joint Explanatory Statement of the Committee of Conference (Conference Report) text that illuminates the Farm Security and Rural Investment Act of 2002 [Title II – Conservation, Subtitle E – Funding and Administration (5) Third Party Providers] states, "It is the intent of the Managers that the third-party technical assistance certification program will result in a pool of individuals and organizations and agencies that are qualified to provide technical assistance to producers related to the development and implementation of conservation practices. The Managers intent is for the Secretary to seek to optimize the delivery of technical assistance through public and private sources, and in conjunction with USDA staff, to effectively, efficiently, and expeditiously deliver conservation programs."

In addition, in the Conservation Title of the Farm Security and Rural Investment Act of 2002, Section 1242 (b) (4) of Subtitle H – Funding and Administration states, "The Secretary may request the services of, and enter into cooperative agreements or contracts with, non-Federal entities to assist the Secretary in providing technical assistance necessary to develop and implement conservation programs under this title." Item (b) (2) that precedes this specifically mentions, "The Secretary shall ensure that persons with expertise in the technical aspects of conservation planning, watershed planning, environmental engineering (including commercial entities, nonprofit entities, state or local governments or agencies, and other Federal agencies), are eligible to become approved providers of the technical assistance." Not only do we believe that state fish and wildlife agencies are eligible to be included in the TSP process, we are confident they will work at the landscape level to identify the correct Farm Bill program necessary to obtain the required objective of any wildlife need.

Since 1997 and prior to the 2002 Farm Bill and the availability of TSP agreements, AGFC had been an active partner with NRCS where we actually developed the State of Arkansas Wildlife Habitat Incentives Program (WHIP) plan that was submitted and approved by NRCS Headquarters. The first year of the program, Arkansas received in excess of $1.2 million in WHIP funding. Agency biologists ranked and assessed WHIP applications and provided wildlife technical assistance for the wildlife conservation plan. Not only have we been providing wildlife technical assistance to NRCS district conservationists since 1997, AGFC has provided a supplemental 25% cost-share for approved landowners in excess of $600,000. So as you can see, we have been a very engaged and active partner in cooperative conservation for some time now with USDA at our cost.

Missouri, Kentucky, and other states have been very successful for years with cooperative conservation agreements, which are cost-shared with USDA. These state fish and wildlife agencies have funded additional wildlife biologist positions to specifically provide TSP wildlife support for multiple Farm Bill programs. Arkansas, as well as other states, should have similar opportunities to achieve greater fish and wildlife conservation results. Currently, USDA will only commit TSP funding to states on an annual basis.

Farm Bill conservation program delivery is an on-going commitment for USDA and technical assistance needs are continuous. It is not reasonable to expect state agencies, with limited staffing resources, to set aside state workloads to handle federal workloads without funding, particularly when Congress provides such funding to USDA. Most state fish and wildlife agencies must request staffing increases through their state legislatures and show how the money to fund salaries will be provided. Most state agencies will be hesitant to increase positions without a longer horizon of funding, in this case TSP funding. We recommend that state fish and wildlife agencies be allowed to enter 3 to 5 year TSP agreements with their state USDA leadership with assurance that funding will be provided to cover this period of time so that additional positions can be approved by their state legislatures.

The bottom-line is that state fish and wildlife agencies have principal authority and responsibility for fish and wildlife conservation within their borders for their citizens, even though Congress has given certain federal agencies some conservation responsibilities. With the 2002 Farm Bill mandating that wildlife features are an integral part of these conservation programs, states have a much greater opportunity to manage wildlife on private land in cooperative conservation efforts with the USDA and to meet the legislative intent of Congress while also fulfilling state constitutional authority for fish and wildlife resources. Furthermore, since Farm Service Agency (FSA) and NRCS may be facing additional staffing cuts and since state fish and wildlife agencies have the necessary expertise to manage lands for fish and wildlife, our assistance to private landowners is critical to ensuring USDA is successful in meeting Congress's intent under the current and future Conservation Titles. If the TSP program is adequately funded and if state fish and wildlife agencies are able to enter into multi-year cooperative conservation agreements with USDA, we can achieve the congressional intent.

Ladies and Gentlemen, we owe it to the American public to provide landowners quality conservation technical support to ensure the viability of farming and ranching for future generations and to get the greatest fish and wildlife benefits from our federal conservation dollars. By forming a new and stronger alliance to increase our cooperative conservation efforts across the landscape, we can achieve the congressional intent, which includes keeping soil on the farm, improving water quality and restoring wildlife populations.

I would respectfully request your consideration of two things: (1) require TSP agreements with state fish and wildlife agencies to effectively incorporate wildlife conservation into all conservation planning and USDA programs; and (2) fund TSP at an adequate level necessary to fully administer these programs through multi-year agreements that allow states to hire additional personnel to address these vitally important Farm Bill objectives. We believe that state fish and wildlife agencies in a cooperative conservation partnership with USDA can do it much more efficiently; thus, saving taxpayer dollars while providing a quality product that ensures wildlife

conservation is truly a co-equal objective of conservation planning and program implementation.

Thank you very much for the opportunity to share our perspectives, and I would be glad to answer any questions you might have.

National Association of Conservation Districts

Testimony of

Gene Schmidt

On behalf of the

National Association of Conservation Districts

Before the

Subcommittee on Forestry, Conservation and Rural Revitalization

Senate Committee on Agriculture, Nutrition and Forestry

July 27, 2006

Good Morning, I am Gene Schmidt a farmer from Hanna, Indiana. I farm 1600 acres of seed corn and soybeans, 120 acres of wheat, and about 900 of my acres are irrigated. I serve on the Executive Board of the National Association of Conservation Districts representing the North Central Region of the United States. I also serve on the board of the La Porte County Soil and Water Conservation District.

On my farm, I practice conservation tillage and schedule irrigation to utilize water in the most efficient manner. I utilize grid soil sampling, yield maps, and data to plan my nutrient application.

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. We work with landowners across the country, urban, rural, row crop farmers, ranchers, forest landowners 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. Each day, conservation districts see the demand for technical assistance to apply conservation practices to land, both through Farm Bill programs and through Conservation Technical Assistance.

The 2002 Farm Bill substantially increased the authorized federal spending on conservation programs by $17 billion. The technical assistance needed to implement the new and expanded conservation programs would have strained the existing delivery system. As NRCS did not have the staff available to meet the increased technical assistance needs the law required USDA to provide the needed help to producers "*directly, or at the option of the producer, through a payment to the producer for an approved third party, if available*," thus creating the Technical Service Provider (TSP) Initiative.

NACD strongly believes that the use of third party public and private sector technical assistance to help implement conservation programs should be seen as a complement and supplement to, not a replacement of, the existing delivery system. Conservation districts have been a partner in the federal/state/local conservation delivery system for over 60 years.

Conservation districts' participation under the TSP initiative is through individual contribution agreements where districts operate under a 50/50 match between NRCS and State conservation agencies, state associations or individual districts. These agreements identify certain dollar figure, hours, or a person to assist in delivering technical assistance. They may also allow for the use of an administrative level district employee to assist with paperwork, thus freeing up the time of technical experts to focus on field visits and delivery of the technical assistance.

NACD feels that this flexibility for the states to develop agreements that meet the local and state demands is important – whether it is additional technical staff, or finding ways to utilize time and financial resources more efficiently with administrative personnel working in an office so technical professionals can work in the field with landowners. In some districts the 50/50 match has been a barrier to participation due to lack of District funds. NACD continues to work with districts to identify non-federal sources of funding for their portion of the match.

The expertise of district and NRCS employees is an important complement to the private sector system. Conservation districts' longstanding relationship with NRCS and with the farming community at the local level puts us in a unique position to deliver technical assistance both through the TSP initiative and through other avenues. Conservation districts have developed relationships with landowners and are looked upon as a trusted source of information and assistance. And as you know, this relationship is vital in farming communities.

NRCS certifies TSPs in 42 different technical service categories, from certified conservation planner to wildlife and fisheries interdisciplinary engineering. Those certified TSPs are listed on the government's website http://techreg.nrcs.usda.gov. Currently there are over 2500 TSPs on TechReg, with the highest number in the land treatment, nutrient and pest management categories.

The data from across the country for fiscal year 2005 shows that of total TSP dollars (approximately $53 million), conservation districts received about 9% of those funds to deliver technical assistance. According to USDA, a majority (62%) of those funds from fiscal year 2005 went to private entities, and a majority of the assistance provided was for nutrient management.

The majority of funds for TSPs come through the Environmental Quality Incentive Program (EQIP), followed by the Conservation Reserve Program (CRP) and Conservation Technical Assistance. States can meet the TSP goals, developed by NRCS, USDA and the Office of Management and Budget (OMB) by contracting directly with private entities, through producer acquired contracts and through contribution agreements.

In Indiana, we utilize a variety of approaches through the TSP initiative. The TSP initiative has grown from $600,000 to about $1 million over the last four years. In 2003, the state focused on nutrient management, pest management and comprehensive nutrient management plans. This year is the first year the TSP initiative was opened up to include additional practices, but will predominantly focus on implementing EQIP contracts.

Our utilization of the TSP funds in Indiana has been 50% Architect & Engineer (A&E), 26% individual producer acquired assistance from TechReg (website), 10% contribution agreements, 6% other agreements. Under the A&E category, the state can "bundle" work, such as Comprehensive Nutrient Management Plans (CNMPs) and contract with one business for all CNMPs in the state or a region. In Indiana, the districts provide technical assistance support on engineering and "checkout" of approved conservation practices.

Direct contacts with companies can ease writing contracts for NRCS, and also be a more reliable source of business for the third party (as opposed to working on individual, producer acquired contracts). In Indiana we didn't have people in-state to undertake the work on CNMPs and that expertise came from outside the state. Now there are Indiana entities that have the qualifications and expertise to do this work.

Conservation Districts in several states are participating in contribution agreements. In Illinois, the districts have undertaken over $1 million in technical assistance for CRP and EQIP, meeting the technical assistance needs of the state. This year several districts have applied for contribution agreements to continue this work and districts are now hearing the status of their applications. It is expected that NRCS will be able to fund about half of the agreements that were put forward to deliver technical assistance. The agreements provide district employees to assist with conservation planning, field checks, planning waterways, filter strips, fencing and other assistance as needed – as long as the district employees are qualified (meeting proper certification and training requirements) to complete the work. The agreements are specific to each district, but could be based on a payment rate for part of an employee's time, or specify a dollar figure for a specific practice or completion of a plan. The cost per plan or structure is determined by NRCS.

In Massachusetts, NRCS partnered with the state association to fund nine additional staff to provide technical assistance and administrative assistance to NRCS and district offices. Through this 50/50 contribution agreement NRCS and the Massachusetts Association of Conservation Districts partner to fund the Accelerated Conservation Planning Program providing employees to work from 4 different offices across the state. Four are administrative staff and five are technical conservation planners that have been trained and are certified by NRCS. This partnership is vital

to assist in the delivery of state Department of Agricultural Resources (DAR) programs and federal conservation programs. Theses state programs required input from District and NRCS field offices and the contribution agreement allows for these employees to assist in the delivery of technical assistance including conservation planning, but also meet the demand of the state for information. The program has resulted in greater efficiencies in the offices, improved communication and greater understanding between DAR and NRCS on the information needs of each agency and increased coordination of workload.

Another USDA project that is assisting in providing technical assistance is the Agricultural Conservation Enrollees/Seniors Project (ACES). This pilot program is operating in several states and links the conservation knowledge of recent retirees and/or former employees with the growing conservation technical assistance demand. The project is modeled after one operating at the Environmental Protection Agency and allows participants over the age of 40 to work 20-40 hours per week assisting an NRCS employee. Those participating in the ACES project are not federal employees. This project stared in 2005 in eight states and now has been expanded to 20 states. Proposed legislation specifically authorizing this program has been transmitted from USDA to Congress.

NACD has worked to encourage participation in the TSP initiative and our members frequently work with individual TSPs when they are visiting the local office for information, maps and general assistance. We have, however, noticed some barriers to further expansion of the TSP initiative.

In many areas there is not yet the spectrum of private professionals to provide the varying technical assistance needed and an approach that focuses only on third party vendors cannot meet all the technical assistance needs. In some instances smaller projects do not have the reimbursement (not to exceed) rates that make these projects "of value" to a private business entity. Also, payment timing is not conducive to a small business or individual business operation. For example, USDA makes payment for a practice when complete, so a TSP may have to wait for some time for the landowner to complete his practice, receive the payment, and then make payment to the TSP. Some larger TSP business operations understand the government payment system and can accommodate this type of payment structure, but it requires work to be completed up-front and may be several months before payment.

The development of TSPs was a new undertaking as a result of the 2002 Farm Bill, and there has been a steep learning curve in the implementation of the TSP initiative for all parties involved – NRCS, districts and other providers. The field office technical guide outlines NRCS practices and is the standard across the country for transparent and duplicatable conservation practices. With the creation of new opportunities for third party vendors through the TSP initiative, individuals, companies and other businesses need to understand the field guide and NRCS procedures and plan requirements. Some third party vendors have specific expertise in nutrient management or pest management, but may not have the foundation of comprehensive conservation planning and knowledge of NRCS planning requirements. As the current TSP registrations begin to expire (registrations are valid for three years), new registration

requirements have been added to expand the knowledge base of the TSPs. Many of the new required elements for registration are available through USDA's web-based training.

The issue of liability, continuity and follow-up also seems to impact TSP participation and utilization by individual producers. Work done through or by NRCS provides continuity and some assurance that the government will be there for follow-up on a project should a problem develop. There is a concern as to whether a particular TSP will be there in the future to address any problems. Also, the Not to Exceed (NTE) rates do not appear high enough in certain areas to cover risks and liability insurance associated with the work of the third party vendor. The NTE rate is calculated as the same it would cost the government to do the work, but there are external costs, such as the liability insurance, for the private sector that are not figured into the rate. The NTE rates can be exceeded if there is a unique circumstance, if the producer makes up the difference.

These new certification and training requirements, lingering liability and NTE rate issues may alter participation in this initiative as registrations come up for renewal. Those third parties that have not received work over the last three years may also reconsider their registration as a TSP.

While we have outlined several concerns regarding the TSP initiative, we believe that NRCS is working to address these issues. The concerns about the NTE rates have resulted in new flexibility for states to determine rates instead of one national rate for each practice. States are also expanding their utilization of the TSPs, as we have in Indiana, as they become more comfortable with administration of the program. We believe that the success of the TSP initiative is also driven by those overseeing and managing the program within the state including the state conservationist, and district conservationist. These individuals are responsible for developing the program; entering into contribution agreements, outreach to TSPs, and overseeing and approving plans and projects of the TSPs.

This initiative was designed from the national level to be implemented by the states, so we understand it has not always been a smooth implementation. However, the demand for technical assistance continues to grow and we believe there is a role for private third party vendors, districts and NRCS in providing assistance to landowners to undertake additional conservation practices on the land. The future success of the program depends upon flexibility in addressing the specific demands in each state including staffing needs, resource concerns and local conservation priorities.

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Testimony

Doug Wolf

Pork Producer

Lancaster, Wisconsin

on behalf of the

National Pork Producers Council

Before the

Subcommittee on Forestry, Conservation and Rural Revitalization of the United States Senate Committee on Agriculture, Nutrition, and Forestry

The Use of Technical Service Providers to Expand the USDA Conservation Technical Assistance Capacity on Private Lands

July 27, 2006

Washington, D.C.

INTRODUCTION

Good morning, Chairman Crapo and Ranking Member Lincoln, and good morning to all the Members of the Committee and staff. I am Doug Wolf, a pork producer from Lancaster, Wisconsin, and am a proud member of the National Pork Producers Council (NPPC). I am here this morning representing the U.S. pork industry. Along with my wife, son and daughter, we own and operate a mixed livestock and crop operation in the southwest portion of the state. We are a farrow to finish hog operation, raising sows and market pigs. We also raise corn, soybeans and hay. We have permanent pasture where we operate a cow-calf operation and we finish cattle at our farm. We, like our fellow pork producers and most everyone in agriculture, have always taken very seriously our responsibilities to conserve and protect the resources entrusted to us and the environment around us. We have tried to participate in, and help make successful, many of the USDA and state of Wisconsin conservation programs intended to help farmers, and perhaps we have been more active than average in this regard.

I am active in NPPC, serving on its Board of Directors and its 2007 Farm Bill Task Force. NPPC is very grateful to you Senator Crapo and you Senator Lincoln for the active, thoughtful and effective leadership you have demonstrated over the years on environmental and other issues important to pork producers. We are in this instance particularly grateful to you, Mr. Chairman, for holding this hearing and asking us to testify. NPPC has paid close attention to the use of technical service providers ("TSP") to expand the USDA conservation technical assistance capacity and we believe that we can offer you some sound observations as a result. I have also had very direct, personal and positive experience working with a TSP on my farm to develop a Comprehensive Nutrient Management Plan (CNMP), and I have also worked with NRCS technical assistance staff in the planning, design and implementation of conservation practices on my farm. I hope my practical experiences in this regard and recounted here will also be of assistance to you.

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 U.S. 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 U.S., 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 affect. 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). Pork producers also provided strong support for the technical service provider provisions in the 2002 Farm Bill in anticipation of a greater need for nutrient management assistance under then pending Clean Water Act rulemaking. As a result, NPPC has monitored developments in this area closely and we believe that some of our observations can be helpful to the Committee.

NPPC was very encouraged when the 2002 Farm Bill reemphasized that EQIP was intended to help 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 to meet and exceed any state or federal regulatory requirement.

A little later in this testimony I will present more about my operation and the conservation work we have done. I will also provide you with some observations about how the TSP program has worked nationally and then discuss my own personal and positive experiences with USDA-NRCS conservation technical assistance as well as with the TSP program. I will have some personal suggestions to offer the Committee about the TSP program for consideration. NPPC is preparing, with the full cooperation and assistance of NRCS, an analysis and a report on the performance of the EQIP program and of the TSP program. We are a few weeks away from finishing that work and so are not able to present that to you today. We will be happy to discuss with you these findings as soon as those materials are prepared. But some of our comments today have been shaped by what we have learned, preliminarily, from those efforts.

First, though, I would like to address some of our critical environmental challenges and the approach and perspective that pork producers bring to this work. Much of what follows next was in our June 7, 2006 testimony, but we believe it bears repeating here as we think this history about pork producers' work is quite important.

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 the events that have particular relevance to protecting water quality and the subject of today's hearing.

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 and 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

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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

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 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

[2] For example, over this same period, municipal sewage treatment facilities in North Carolina had approximately 2000 incidents of the discharge of human sewage into North Carolina's waters.

> 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 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 U.S. swine industry. In the end, inspite 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

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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).

[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.

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.

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

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[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/)

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 U.S. 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]

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.

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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

SOME OF THE CONSERVATION HISTORY ON MY FAMILY'S FARM

As I mentioned in the introduction to this testimony, my family and I own and operate a mixed pork-cattle-row crop-hay and pasture operation. Our mainstay is a farrow to finish hog operation, but we also produce sizable quantities of corn, soybeans and alfalfa hay. And we also have permanent pasture for our cow-calf operation, and we finish beef cattle for the market every year.

We see our farm as a unit and have approached the management of our land, animals, crops, manure and all the related natural resources from a conservation perspective. We worked with USDA-NRCS local staff who provided us with the technical assistance to develop a Conservation Plan for our entire operation. We have then proceeded with the implementation of that plan, again often with NRCS technical assistance, where they have helped us in the design and implementation of many of the practices called for in our Conservation Plan. We have also used many of our own resources to secure private assistance to do the same. As a result, our farm is largely being managed to what NRCS would call a Resource Management System level. Perhaps this is most evident in the case of soil erosion, where we keep erosion below or at "T" (the NRCS soil loss tolerance level). We achieve this through the use of no-till or conservation tillage, and also through extensive use of vegetated contoured strips in our fields, conservation buffers to protect many critical areas, and rotational practices that enhance organic matter on and in our soil and otherwise help impede erosion.

When it comes to our animals' manure, we follow a strict and precise agronomic plan for its use and it is integral to our crop fertility program. We know we are avoiding considerable commercial fertilizer costs, and helping promote our country's energy independence, because we are fully crediting for the nitrogen and phosphorous content of our manure. We are fully aware of how our operations need to be best managed to sustain our environmental performance, aided in part by the knowledge we have gained through an On Farm Assessment Environmental Review (OFAER), provided by America's Clean Water Foundation and with the active support of NPPC. We are also managing our pastures for sound and efficient forage production and to ensure that a healthy stand is present and protecting the soil and the waterways in our fields from erosion. These practices include the use of rotational grazing.

With respect to the USDA farm bill conservation programs, we have CRP land on our farm, have installed conservation buffers and filter strips, and we are participating in EQIP. We have also implemented best management practices with financial assistance from Wisconsin's conservation programs. Most of this work has been done with technical and engineering assistance from NRCS field staff, although we have often also supplemented NRCS's contribution with help from the private sector. We have recently utilized the NRCS Technical Service

Providers program to work with a private sector provider to prepare a Comprehensive Nutrient Management Plan for our entire operation. And most recently, we have applied to participate in the Conservation Security Program at the Tier II level. Unfortunately, our application was not approved.

NPPC's NATIONAL PERSPECTIVE ON TSP PROGRAM

Why TSPs Are Needed—NPPC felt strongly during the debate on the 2002 Farm Bill that a strong and effective TSP program would be needed if USDA's amended and expanded conservation programs were going to be of maximum assistance to pork producers. NPPC has been and remains a supporter of NRCS's successful and important conservation technical assistance delivery system. But we also felt and continue to believe that the scope, intensity and type of new conservation and environmental work coming out of the Farm Bill and federal regulatory programs was going to be more than the existing NRCS staff could handle. The demands on the capable, local NRCS staff are simply too great to allow them to be uniformly available and effective in providing certain kinds of relatively specialized planning and assistance. This is certainly the case for Comprehensive Nutrient Management Plans and similar activities. In addition, NPPC was and remains of the view that the ongoing need to curtail federal spending and the push to limit the growth in federal staffing levels continues to add emphasis to the need for TSPs. It was for these reasons that we supported the expansion of the TSP provisions in the Farm Bill and the added emphasis on their use.

Expanding the Scope of USDA and NRCS's Capabilities—NPPC also believes that the more that NRCS embraces the use of TSPs, the more the country will benefit from the scope, reach, breadth and benefits of NRCS's particularly sound approach to natural resource conservation and environmental protection. NRCS could reach a significantly broader population of farmers with its site specific, soils-based model of supporting conservation and environment work if it can adapt itself to make full use of TSPs. NRCS's work would then not be limited to only the farmers that the federal staff can reach, but would be leveraged multiple times by all of the farmers that TSPs could reach and as guided by NRCS. We continue to feel that this is a highly laudable and reachable goal and encourage this Committee to pursue that objective with USDA.

Make it Simple and Efficient for the Farmer—The TSP rulemaking provided NRCS with considerable flexibility in how a farmer was given access to a TSP. NRCS has relied on two approaches in practice, both with merit. The first is to work at the state level to issue requests for proposals or requests for qualifications (RFP/RFQ) from TSPs to conduct specific TSP work. In 2003 and 2004, NPPC thinks the data will show that the majority of TSP funds used to secure TSP assistance from the private sector were expended in this manner. In

2005, the data will indicate that NRCS has shifted to another valuable approach. However, we believe this approach can be more complicated and difficult for the farmer. Additionally, the agency might see reductions in efficiency. and has hidden costs to the agency through reductions in efficiency and added oversight. This latter approach involves letting the farmer select their own TSP from a list of certified TSPs, get an invoice for the work from the TSP, submit that invoice to NRCS who in turn pays the farmer and who then in turn pays the TSP.

NPPC believes there are real merits to this "farmer's-choice" approach and strongly encourage NRCS to continue its use and availability. But we believe there are tremendous merits to the RFP/RFQ model and encourage NRCS to sustain and expand its use. Under the farmer-choice model, many farmers find that what is required of them in terms of paperwork, management and oversight of the TSP to be so great that they do not want to get involved. While the RFP/RFQ approach leaves these responsibilities with NRCS, there is a net reduction in NRCS burden for the reasons discussed below. But the farmer-choice approach simply adds a layer of burden and hassle on the farmer. Furthermore, the RFP/RFQ or "bundling of work" approach has numerous other efficiencies of benefit to the taxpayer:

1. Efficient NRCS quality control—Once NRCS knows in great detail and with certainty a particular TSP's qualifications (as a result of the RFP/RFQ process) and who will be users on multiple projects for multiple farmers, NRCS really only needs to check closely the work product for the first few projects to ensure they are being done correctly. NRCS then reviews the remaining work products, but can devote a much lower level of scrutiny. This saves NRCS time and money – and will save the producer time and money as well because fewer farmers will be waiting for NRCS approval before people are paid.
2. NRCS financial paperwork and accountability—While paperwork will be required of a TSP who is working on a set of projects under contract with NRCS, NRCS will be dealing with only one provider who will know and use properly the financial management systems with fewer errors and delays, and only one check will need to be cut. Audits of such work will only require an audit of one business relationship, not several.

A compelling case can be made for using the RFP/RFQ contracting approach when you add to its inherent taxpayer-benefiting efficiencies and the benefits of reducing farmer hassle, confusion and the waste of resources this entails. This RFP/RFQ contracting approach also retains the numerous taxpayer benefits of a competitive market system. An RFP approach always takes the TSP's offered prices into account, and TSPs attempt to underbid each other for the work. The RFQ approach bases its cost off of market established rates for doing the work

under the contract and reflect similar competitive pressures to lower costs to what the market will pay.

We encourage the Committee to ensure that both of these approaches, farmer-choice and the RFP/RFQ, be widely used by NRCS.

Problems with NTE Rates—NRCS was faced with a major challenge when the 2002 Farm Bill was passed – what would NRCS pay TSPs for the thousands of possible services and practice assistance that a TSP could provide? NRCS has done an admirable job, in general, in developing those rates, called the not-to-exceed or NTE rates. But there are problems. First, there was no NTE rate established for a CNMP and that lack of understanding as to how to properly price a CNMP remains a considerable point of confusion in many locations where CNMP work is being requested. Secondly, farmers are often confused by the way NTE rates are presented and discussed. Even though the NTE rate is the maximum that NRCS will pay for this practice, it is **NOT the prevailing market rate**. The NTE rates are by design considerably less than the market rate. But when many farmers hear "not-to-exceed" they think it means "not-to-exceed" and that it is the prevailing market rate. A great deal of confusion and mistrust understandably emerges when a TSP rightly and fairly says they need to be paid more than NTE to do the work. NRCS needs to think this matter through and come up with language and an approach that clears this up.

FARM EXPERIENCE WITH NRCS TECHNICAL ASSISTANCE AND TSPs IN SOUTHWESTERN WISCONSIN

Technical Assistance—As I have noted earlier, we have found that working with NRCS technical assistance staff is to be uniformly positive. We have encountered some rough spots in working with NRCS, but this has not been a problem in their provision of technical assistance. Instead, it has always been in the relative rigidity with which certain NRCS conservation design standards and conservation principles are to be applied under NRCS policy on the ground, and we just have had to find a way to deal with these rough spots. But the local technical assistance staff have always been reasonably timely in their work, competent, effective and helpful. They have worked with me to find ways to adapt the programs and standards so that they can be successful under the specific circumstances on our farm. When it came to their technical assistance work, they never created expectations on my part that they were not able to meet.

All of the above speaks well to the NRCS technical assistance staff and delivery system. But at the same time, there are clear limitations. There are certain functions and conservation activities that would simply make no sense to look to NRCS staff to fulfill. It is not that they are not competent, but that they do not

have the time it would take to acquire the skills and experience to do some things. Or, in come circumstances, activities like the preparation of a full CNMP are so specialized that it makes complete sense to go to private sector individuals that have been able to develop the skill. There is also the simple fact that even if an NRCS field person has the skill and background, they may not have the time it takes, given their other pressing responsibilities, to get to your work in a reasonable time frame. This was the case on our farm when it came to our getting a CNMP and it was the reason I turned to a TSP.

USING A TSP FOR CNMP PREPARATION—As I said above, I used a private sector TSP to prepare our farms' CNMP. I used the "farmer-choice" approach, as that was what I found available to me at the time in Wisconsin. The quality of the work done was excellent and the TSPs were as professional as I have found in working with NRCS. They gave me plenty of one-on-one attention and had the time and took the time to explain to me everything I needed to know. And now I have a first rate CNMP and I thoroughly understand what it means and how to use it.

But if I were to change anything, it would definitely have been eliminating me as the middleman and instead to have had NRCS contract directly with a TSP to provide me and other producers in our state with a CNMP. While the process that we went through ultimately worked, it is clear to me that this took more time and resources than was really necessary. When it comes to these specialized services that are in broad demand, it must be more cost efficient for NRCS to find, secure and oversee the TSPs without having each and every farmer duplicate that. That would have been my preference, anyway. But all that said, I was able to make the process work, and the TSP and local NRCS staff worked well with me to make that happen.

CONCLUSION

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 hearing. We also want to thank you in advance for your continued and focused attention on the important contribution that private sector Technical Service Providers can make to agricultures' and pork producers' environmental performance. As I stated in my introduction, NPPC is preparing a report on the performance of the TSP program. As soon as that is finished later this summer, we will present you with these findings.

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.

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