S. HRG. 110–155

CONSERVATION POLICY RECOMMENDATIONS FOR THE FARM BILL

HEARING

BEFORE THE

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY UNITED STATES SENATE

ONE HUNDRED TENTH CONGRESS

FIRST SESSION

MAY 1, 2007

Printed for the use of the
Committee on Agriculture, Nutrition, and Forestry

Available via the World Wide Web: http://www.agriculture.senate.gov

U.S. GOVERNMENT PRINTING OFFICE

35–053 PDF WASHINGTON : 2007

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2104 Mail: Stop IDCC, Washington, DC 20402–0001

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

TOM HARKIN, Iowa, *Chairman*

PATRICK J. LEAHY, Vermont
KENT CONRAD, North Dakota
MAX BAUCUS, Montana
BLANCHE L. LINCOLN, Arkansas
DEBBIE A. STABENOW, Michigan
E. BENJAMIN NELSON, Nebraska
KEN SALAZAR, Colorado
SHERROD BROWN, Ohio
ROBERT P. CASEY, Jr., Pennsylvania
AMY KLOBUCHAR, Minnesota

SAXBY CHAMBLISS, Georgia
RICHARD G. LUGAR, Indiana
THAD COCHRAN, Mississippi
MITCH McCONNELL, Kentucky
PAT ROBERTS, Kansas
LINDSEY GRAHAM, South Carolina
NORM COLEMAN, Minnesota
MICHEAL D. CRAPO, Idaho
JOHN THUNE, South Dakota
CHARLES E. GRASSLEY, Iowa

MARK HALVERSON, *Majority Staff Director*
ROBERT E. STURM, *Chief Clerk*
MARTHA SCOTT POINDEXTER, *Minority Staff Director*
VERNIE HUBERT, *Minority General Counsel*

CONTENTS

Page

HEARING(S):

Conservation Policy Recommendations for the Farm Bill 1

Tuesday, May 1, 2007

STATEMENTS PRESENTED BY SENATORS

Harkin, Hon. Tom, a U.S. Senator from Iowa, Chairman, Committee on Agriculture, Nutrition, and Forestry 1
Chambliss, Hon. Saxby, a U.S. Senator from Georgia 2
Cardin, Hon. Benjamin L., a U.S. Senator from Maryland 6
Leahy, Hon. Patrick J., a U.S. Senator from Vermont 9

Panel I

Doyle, Hon. Jim, Governor of Wisconsin, Madison, Wisconsin, on behalf of the Midwestern Governors Association 4
Menendez, Hon. Robert, a U.S. Senator from New Jersey 7

Panel II

Hansen, John, President, Nebraska Farmers Union, Lincoln Nebraska, on behalf of the National Farmers Union 20
Harrington, Bob, State Forester, Missoula, Montana, on behalf of the National Association of State Foresters 24
Hoefner, Ferd, Policy Director, Sustainable Agriculture Coalition, Washington, DC 18
Sibbing, Julie, Senior Program Manager for Agriculture and Wetlands Policy, National Wildlife Federation, Washington, DC 21
Sims, Olin, President, National Association of Conservation District, McFadden, Wyoming 16

APPENDIX

PREPARED STATEMENTS:

Cochran, Hon. Thad 38
Crapo, Hon. Mike 42
Cardin, Hon. Benjamin L. 43
Doyle, Hon. Jim (with attachments) 46
Hansen, John 76
Harrington, Bob 83
Hoefner, Ferd 87
Menendez, Hon. Robert 104
Sibbing, Julie (with attachments) 106
Sims, Olin 146

DOCUMENT(S) SUBMITTED FOR THE RECORD:

American Peanut Shellers Association, prepared statement 154
Coevolution Institute (CoE), prepared statement 159
Cullen Bryant, Farmer, prepared statement 165
National Cattlemen's Beef Association, prepared statement 166
South Carolina Department of Natural Resources, prepared statement 174
The National Pork Producers Council, prepared statement 179

Page

Various Organizations, Researchers and Individuals, prepared statement 193

QUESTION AND ANSWER:

Cochran, Hon. Thad:

Written questions for all panelists 196

Hoefner, Ferd:

Written response to questions from Hon. Thad Chochran 197

CONSERVATION POLICY RECOMMENDATIONS FOR THE FARM BILL

TUESDAY, MAY 1, 2007

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

The Committee met, pursuant to notice, at 2 p.m., in room SR–328A, Russell Senate Office Building, Hon. Tom Harkin, Chairman of the Committee, presiding.

Present: Senators Harkin, Leahy, Stabenow, Salazar, Brown, Klobuchar, Chambliss, Lugar, and Crapo.

STATEMENT OF HON. TOM HARKIN, A U.S. SENATOR FROM IOWA, CHAIRMAN, COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Chairman HARKIN. The Senate Agriculture, Nutrition, and Forestry Committee will come to order. Today our hearing focuses on the Conservation Title of the farm bill, and we have two distinguished panels of witnesses. I particularly want to express my gratitude to Governor Jim Doyle of Wisconsin for his appearance here representing the Midwestern Governors Association. I also want to thank our colleagues, Senator Ben Cardin of Maryland and Senator Robert Menendez of New Jersey, who I am sure will be here shortly.

Now, while this hearing exclusively focuses on the Conservation Title, the Committee has already heard views from many witnesses on conservation in a recent series of hearings on livestock and commodities in many of our field hearings. Now, that is appropriate because, increasingly, agricultural producers integrate conservation of soil, water, air, and wildlife into their production practices.

By and large, the message I have heard from these previous hearings is that farmers want us to provide the tools they need to most effectively farm their land. They want programs that help them do better conservation on the land that produces food, fiber, and fuel for America. The current demand for commodities such as corn only increases the need for effective conservation programs as land that was seen as marginal is brought into production to meet that demand. So there is an increase in demand for conservation assistance, yet the funding available is not enough to deal with the needs that exist now, let alone ones that will come down the pike.

The Wetlands Reserve Program, for example, has reached its cap. It has no ongoing baseline. Just to maintain the current pro-

gram over the next 5 years would cost about $2 billion. The Grassland Reserve Program also has no ongoing baseline.

The biggest hit to the programs, however, has been the cuts made to the Conservation Security Program. Long-term caps imposed by the previous Appropriations Committee and in reconciliation—both done, I might add, in conference reports without the ability to amend or to have a vote—have cut this program by some $4 billion and put the caps on it, which we never had in the last farm bill. As written, CSP uncapped entitlement program, and, again, just for your benefit, I will repeat, as I repeat as often as I can: For the first time in history in 2003, the Congress took money out of agriculture to pay for disaster.

We had never done it before, and we have not done it since. Or at least the bill that the President has headed to him right now has disaster money in there, but it comes out of emergency spending not agriculture. We did not say to any State—we did not say to Louisiana, for example, when we got them money for Katrina, we did not say, "OK, now we are going to take it out of your highway money. We are going to take it out of your education money."

No, we never do that. Whenever there is a disaster, we pay for it out of the general revenue. We all pay for it. Yet, in 2003, this administration—and this Congress going along with it, I might add—took money out of conservation just to pay for disasters, and that has made us, as I said, some $4 billion short in conservation. Think what that would have meant had we had that money there for conservation.

Well, the damage has been great, and it is going to be tough to recover from that $4 billion hole unless we get that $4 billion restored. And I do not see that happening anytime soon. But I just wanted to make that point just to let you know that, as I told Governor Doyle, I said I am proud of the fact that this Committee, when I last chaired it in 2001 and 2002, put in the biggest increase ever in conservation funding of any farm bill. We had an 80–percent increase in conservation. But a lot of that has been eroded, as I just mentioned. A lot of that has been eroded. And so now we need to come back and do it again, and we have expert panels here today to talk about conservation and what it means in their States and suggestions for us in moving ahead on the farm bill.

So what I would like to do is, first of all, say that all of your statements will be made a part of the record in their entirety, and I will first call on Governor Doyle. Before I do that, I will yield to Senator Chambliss for an opening statement.

STATEMENT OF HON. SAXBY CHAMBLISS, A U.S. SENATOR FROM GEORGIA

Senator CHAMBLISS. Thank you very much, Mr. Chairman. I apologize for running late here.

Conservation is a key component of our farm policy and enjoys broad support from a wide variety of conservation, environmental, farm, forestry, and wildlife organizations. The vast interest in conservation programs also demonstrates how valuable farmers and ranchers are to the protection and enhancement of our land and environmental resources.

One particular area I would like to address in the 2007 farm bill is how agriculture and individual farmers can help tackle climate change. While I am not sure we understand all the science of climate change, there are some reasonable steps we can take to begin mitigating its effects and ensure agriculture can meaningfully participate in any future emission reduction program developed by Congress.

It is estimated that agriculture is responsible for 6 percent of all greenhouse gas emissions in the United States, but it also helps to offset those emissions. And it can do even more by sequestering additional carbon in soils and biomass, capturing methane gas from livestock operations, and replacing fossil fuels with biofuels produced on farms and forests.

I am encouraged by Federal, State, and private efforts over the past few years to include agriculture in carbon credit trading programs. However, it is time to go beyond the minimum standards that have been set and develop more robust certification, measurement, and verification standards.

The U.S. Department of Agriculture has proposed to create a board to establish and oversee these standards. We should carefully review this proposal for inclusion in the farm bill. We have a great opportunity with the 2007 farm bill to further incorporate climate change into existing conservation and energy programs and to ensure agriculture can participate in carbon and ecosystem services markets. I look forward, Mr. Chairman, to working with you to make this opportunity a reality.

Before I close, I would like to welcome Senator Cardin and Senator Menendez to the Ag Committee. Guys, it is good to see you all here. Thank you for taking time to share with us your priorities for the 2007 farm bill. As you know, farm bills are carefully crafted legislative packages that balance many competing interests and seek to address concerns from all parts of the country. I hope that as we work to address your concerns, you will also recognize and work with us to address ours. If we do that, I believe we will have a strong 2007 farm bill that supports farmers and ranchers, protects and enhances our environment, provides sustenance to the needy, and promotes rural America

Thank you, Mr. Chairman.

Chairman HARKIN. Thank you, Senator Chambliss.

And now we will turn to our witnesses. First, we will recognize the Honorable Jim Doyle, Governor of the State of Wisconsin. Governor Doyle was elected Governor in 2002, then re-elected in 2006, my notes tell me, with more votes than any candidate for Governor in Wisconsin history. Before that, from 1990 to 1998, he served as the Attorney General for the State of Wisconsin, before that had his own private law practice.

Governor Doyle, welcome to the Committee, and please proceed. If you could, I am going to ask everyone just if you can keep it to basically 5 minutes or so, I would sure appreciate it, and then we will get through this panel, have a few questions.

So, Governor Doyle, welcome.

STATEMENT OF HON. JIM DOYLE, GOVERNOR OF WISCONSIN, MADISON, WISCONSIN, ON BEHALF OF THE MIDWESTERN GOVERNORS ASSOCIATION

Governor Doyle. Well, Mr. Chairman, thank you very much, and, Senator Chambliss, members of the Committee. And I did have the honor of serving as Attorney General with Senator Salazar in those years, and we did a lot of work together on environmental issues and conservation and so on.

I am very pleased to be here to have an opportunity to discuss the Conservation Title of the farm bill. I am here in my role as the Governor of the State of Wisconsin, but also as chairman of the Midwest Governors Association. The Midwest Governors Association has advanced a full slate of farm bill recommendations and policy objectives which are in a nice packet and will be shared with all of the members of the Committee.

I particularly want to thank Governor Tim Pawlenty of Minnesota, the Immediate Past Chair of the Governors Association, who worked very hard to put that set of recommendations together that comes from Midwest Governors, Democrats and Republicans alike.

I have also worked very closely with my colleagues in the Midwest Governors to identify three priority areas to address during my term as Chair: first, we will work to achieve energy independence and fight global warming through the use of biofuels and other renewable energy sources; second, we will increase our region's trade potential, reaping the economic opportunities that come with it; and, finally—and what brings me here today, what is incredibly important to us in the Midwest, as it is to States, particularly heavy agricultural States across the country—is the reauthorization of the farm bill.

Creating a farm bill that enhances Wisconsin's ability and the ability of the region to pursue new energy technologies from agriculture and forest products, protects our working agricultural and forestlands, provides nutrition to our families, and supports rural economic development is vital not only to the strength of the State of Wisconsin but to our region and to the entire Nation.

In Wisconsin, we have a history that we are very proud of in conservation. We are the home of Aldo Leopold, John Muir, and the great Senator Gaylord Nelson, and we have long recognized that we must be good stewards of the land and conserve our invaluable natural resources.

So today I have been asked by the Committee to focus my testimony on the Conservation Title of the farm bill, something I feel very strongly about, because as a Governor and working through all of our conservation programs in the State, we rely very, very heavily on our agricultural community, which is so important to the good conservation practices in the State.

While more than half of America's land is managed by farmers, three out of four farmers are rejected when they seek USDA conservation assistance. And in Wisconsin, more than one-third of conservation requests have been unfunded. Current Federal farm policies, we hope, will do more to assist farmers who share the cost of ensuring clean air, clean water, sufficient wildlife habitat, and a stable climate.

A new farm bill we hope will also better recognize the important role played by State government. Increased funding of the State-Federal conservation partnerships is not just a good idea. It may be absolutely necessary for future farm policy, and it is this model of partnership that should guide us as we move farm conservation policies forward in the next farm bill.

Farmers in Wisconsin, as they are in States all across the country, are really the backbone of our State, and they are certainly central to our conservation efforts. They are proud of who they are and what they do with their land. And if this bill provides them with the tools they need, they will provide our country with the renewable energy that is good for our national security and our environment.

To success in this effort, I encourage Congress to director the United States Department of Agriculture to explore new methods to promote managed and sustainable biomass harvest on lands enrolled in the conservation programs, and particularly the Conservation Reserve Program. Furthermore, the USDA should explore ways to properly manage biomass removal from lands under active agriculture and timber production to ensure proper management. These new initiatives will be consistent with existing conservation programs and will inspire valuable new opportunities for farmers in Wisconsin and across the country.

There are several, obviously a lot of very specific programs. I could just briefly mention three.

The Conservation Research Enhancement Program is an important part of what we do in Wisconsin as a good partnership between our farm community and the State government. In Wisconsin, CREP is currently authorized for 100,000 acres and brings in payments of $40 million annually to Wisconsin landowners. We certainly hope that you are going to consider expanding the national acreage cap to 40 million acres so we can bring more into the program.

Second, the EQIP program, Environmental Quality Incentive Program, is based on working with farmers for good conservation practices, and we have many of our current applicants being denied. We hope you are really going to—it has proven to be a model that has been very effective.

And, finally, the Wetlands Reserve Program, what has happened in Wisconsin is that as the value of this land goes down, the program is now being used in much smaller percentages than it was in recent years. And as we know, good wetland preservation is absolutely important for the environmental health of our States.

So, again, I thank you very much for allowing me to give my views here today, and we look forward—I know the Midwest Governors do, and I know the Governors across the country, we look forward to working with you to get a good, balanced farm bill and one particularly that furthers the conservation efforts that are going on in our States.

Thank you.

[The prepared statement of Governor Doyle can be found on page 46 in the appendix.]

Chairman HARKIN. Governor Doyle, thank you very much, and if time permits, if you could wait until we get through the other two,

and then some people may have some questions or engage you on this.

Next we will turn to Senator Cardin. Senator Cardin was first elected to the U.S. Senate this year, in January of 2007, and before that served in the House of Representatives representing the 3rd District and elected to the House in 1987 and then became one of the youngest speakers of the Maryland House of Delegates in Maryland history, a position he held for 8 years.

So, again, Senator Cardin, Ben, welcome to the Committee, and please proceed.

STATEMENT OF HON. BENJAMIN L. CARDIN, A U.S. SENATOR FROM MARYLAND

Senator CARDIN. Mr. Chairman, thank you very much, and members of the Committee. I really do appreciate this opportunity to testify before you today. Agriculture is Maryland's largest industry. The State's 12,100 farms cover more than 2 million acres and produced $1.3 billion of agricultural products annually. But the reason that I ask for your support and come before the Committee today is not limited to the importance of agriculture to Maryland.

The Chesapeake Bay is America's largest estuary. The watershed covers 64,000 square miles. The bay and its tidal rivers have more shoreline than the entire west coast of the United States. The Chesapeake is central to the economy, history, culture, and social fabric of my State and this entire region.

All of us recognize that the health of the Chesapeake Bay is at risk. Every summer we see low oxygen "dead zones" and historically low numbers of blue crabs and native oysters.

The Bay States have adopted the most comprehensive watershed cleanup strategy in the Nation. More than 450 wastewater treatment facilities have had to cut their nitrogen and phosphorus discharges substantially. Maryland now requires that both dishwashing soaps and laundry detergents be phosphorous free. Scotts, the Nation's largest lawn care company, has agreed to cut in half the amount of phosphorous in its do-it-yourself lawn fertilizers in the Chesapeake watershed. The Bay States have adopted nitrogen oxide air pollution controls that go well beyond the Federal requirements. These will translate into less nitrogen deposits into the bay waters.

I mention these non-agricultural initiatives because we must ask all sectors of the economy to contribute their fair share to the effort to restore the bay.

The single largest source of excess nitrogen, phosphorus, and sediment into the bay is from agriculture. The USDA's conservation programs are critically important to both sustaining agriculture and simultaneously minimizing its impact on the water resources of the basin. Chesapeake Bay watershed farmers have made extensive use of existing conservation programs and support their expansion under the 2007 farm bill.

As you begin to craft the Conservation Title of the next farm bill, I ask that you give the farmers of the Chesapeake region the tools they need to be successful—both in the marketplace and as stewards of this national treasure, the Chesapeake Bay.

Mr. Chairman, in my written testimony I have listed a number of specific recommendations. Let me just summarize them just very briefly.

No. 1, our farmers need a broad array of conservation tools. Not all farms are alike. We need a comprehensive set of programs with broad eligibility requirements to address those needs.

No. 2, technical assistance can be as important as direct funding. Trusted, on-the-ground experts are invaluable in our farming community.

Three, we need to target our conservation dollars to the areas that have demonstrated water quality needs. I think we can further refine that targeting by putting our conservation dollars to work in watersheds where all segments of society are doing their part for water quality improvements.

Mr. Chairman, the needs in the Chesapeake watershed are great, but we have farmers with a proven track record of supporting every conservation program that Government has made available to them. We owe it to our farmers, and we owe it to the Chesapeake.

I appreciate your time, and I do look forward to working with the Committee so we have a balanced, comprehensive farm bill that we all can be proud of.

[The prepared statement of Hon. Benjamin L. Cardin can be found on page 43 in the appendix.]

Chairman HARKIN. Thank you very much, Senator Cardin.

Now we turn to Senator Menendez of New Jersey. Senator Menendez was appointed to fill the unexpired term of former Senator, now Governor, Jon Corzine; just elected to his first full term in the United States; prior to that, a long-time member of the House and one of the House leaders in the U.S. House of Representatives.

Again, Senator Menendez, welcome to the Committee.

STATEMENT OF HON. ROBERT MENENDEZ, A U.S. SENATOR FROM NEW JERSEY

Senator MENENDEZ. Thank you, Mr. Chairman. I appreciate the opportunity to appear before you and the members of the Committee. I appreciate your leadership for a long time in this field in making this a country of great bounty and trying to share that bounty with more and more Americans. And I appreciate Senator Chambliss' comments about working toward a bill that all of America can take pride in and participate in.

I want to focus my comments on legislation that I have introduced with others, the Healthy Farms, Foods, and Fuels Act of 2007. As you work to develop this year's farm bill, I hope you will consider including some of the very important components of this legislation. The Healthy Farms bill is crucial because we have a tremendous opportunity this year to set a healthier course for American agriculture, to allow our farmers, ranchers, and foresters to thrive while giving them the tools they need to meet our environmental and energy challenges, to open up new markets and opportunities for our small farmers, and to provide consumers and school children with more fresh fruits and vegetables, and make it easier for lower-income Americans and the elderly to have access

to healthier foods. Like all legislation, a farm bill in my mind is a statement of priorities and of values, and the Healthy Farms, Foods, and Fuels Act embodies many of the priorities and values that I believe we as a Nation should be focused on.

Now, though many people are not aware of New Jersey's thriving agricultural sector, Mr. Chairman, we are the second largest producers of blueberries, cultivated blueberries in the Nation, peach orchards, cranberry bogs, fourth largest producer of spinach, and the list goes on and on. The fact is that we are the Garden State, and a healthy agricultural sector nationwide, one that addresses the needs of all of our farmers, whether they grow corn in the Midwest or blueberries in the Midatlantic, is essential for New Jersey to remain the Garden State.

However, New Jersey farmers are under a tremendous amount of pressure. They operate in a very high-cost environment and see development encroaching on their farms from all sides. And often that development opportunity is greater to them than that which they could have by maintaining and operating their farms, but they choose to do so. This is often multigenerational family farmers. So conservation programs are crucial to the survival of agriculture in the Garden State and to the protection of sensitive wetlands and animal habitats. That is why the Healthy Farms bill increases funding and expands eligibility for the Environmental Quality Incentives Program, the Conservation Reserve Program, the Conservation Security Program, the Farmland and Ranchland Protection Program, the Wetlands Reserve Program, and Wildlife Habitat Incentive Program.

New Jersey farmers are also among the most prolific in the country in growing fruits and vegetables, yet they are often just a few miles from distressed communities where children struggle for access to nutritional foods. The Healthy Farms bill expands the Fresh Fruit and Vegetable Program to schools in all States, giving more children access to healthy snacks. The bill also expands the Farmers Market Promotion Program and provides additional funding for programs that allow seniors and low-income families to obtain food at farmers markets. Not only do these programs help people eat healthier, they provide an additional market for farmers.

This is, of course, just the start of a conversation. As we move forward this year, I believe we must work together on issues of farm profitability, entrepreneurship, innovation, toward a farm bill that emphasizes flexibility, efficiency, and equitable distribution of its Government programs. This will help to ensure successful for our family farm enterprises and the wider community of farm bill beneficiaries, both large and small, near urbanized areas and in more rural settings throughout all regions of the country.

Ideally, an emphasis on the diversity of agriculture and related businesses, their interaction with the citizens who are their ultimate customers, and the role these enterprises play in addressing issues of nutrition, hunger, and economic growth throughout our Nation will join with conservation and environmental issues to form what I hope you will fashion as a comprehensive farm bill that will serve the Nation well for the next 5 years and beyond.

So, Mr. Chairman, thank you for the opportunity, and we look forward to working with you. When I ran for the Senate, I never

thought I would be sitting here before the Ag Committee, but to be very honest with you, it is incredibly important to our State and obviously to our Nation.

[The prepared statement of Hon. Robert Menendez can be found on page 104 in the appendix.]

Chairman HARKIN. Very true. I am very familiar with New Jersey ag. You might not think that, but I am. I will tell you about that later.

[Laughter.]

Chairman HARKIN. I thank all of our witnesses who are here. I am going to yield my time right now. Senator Leahy I know had to leave early to chair another hearing, and I wanted to yield to him for 5 minutes.

STATEMENT OF HON. PATRICK J. LEAHY, A U.S. SENATOR FROM VERMONT

Senator LEAHY. Thank you. I think I might be less than that. Governor Doyle, Senator Menendez, Senator Cardin, I am glad to be here with all of you.

You will notice that Senator Lugar and I are watching you from the back of the room. That is because when the two of us first came to this Committee, Senator Menendez, we were sitting way down there. And a quick lesson on how things run when two cigar-smoking Senators, one being the Chairman up here, reeked of cigar smoke; one moved a huge amendment like this; the other one said, "It is accepted without objection." I said, "Could I ask what is in the amendment?" They looked down trying to figure out who these two guys were on the end. The Chairman kind of shrugs, goes, "We are adjourned."

[Laughter.]

Senator LEAHY. It has just changed, Mr. Chairman, I must say. And I want to thank you for——

Senator CARDIN. Senator Leahy, it sounds like the Judiciary Committee today.

[Laughter.]

Senator LEAHY. Where do you think I learned?

But the 2002 farm bill does represent historic commitment to the conservation of America's privately owned farm and forest landscape, and in this 2007 farm bill I think we can build on the 2002 farm bill, especially in some areas: a boost in funding working lands conservation programs, including the Environmental Quality Incentives Program, the Wildlife Habitat Incentives Program, the Farm and Ranchland Protection Program, the Agricultural Management Assistance Program, the Regional Equity Requirement. These have been particularly helpful not only in Vermont but throughout the country. I hope we can find additional funding, Mr. Chairman, for this and actually expand the Regional Equity Requirement this year.

I also think the farm bill presents a unique opportunity to expand USDA's working lands conservation programs to ensure private forested landowners have access to these successful conservation programs and find new, exciting opportunities for this reauthorization such as developing an organic conversion program within the Conservation Title, to give needed technical and financial as-

sistance for producers seeking to transition to organic production. A lot of people want to go to organic production. It is very difficult that first year or so as you make the transition. They need the technical help. They need the help to do it. Once they have done it, they can be very—they can join what is really about the fastest-growing part of agriculture. But they have to be able to do it and have that transition.

I might add also in the rural development area, the Department of Agriculture has to look again at what they have done in rural broadband. They have been very eager to put it into cities and towns that already have cable or some other way of doing it. But we have got to get it out into the rural areas.

Mr. Chairman, I will put my full statement in the record. I do look forward to this farm bill. I have been here during the past 22 years for a number of these 5–year farm bills—not every 5 years—but it is a tremendous opportunity for things that should be done, and I look forward to working with you and with Senator Chambliss and getting it done.

Chairman HARKIN. Thank you, Senator Leahy. I just want to respond by saying I thank you for all the years on this Committee, but in particular for your strong, early, and long-time support for conservation.

I dare say no one really matched the breadth, depth, and the fervor with which Senator Leahy has brought conservation to the forefront over many years. And so we look forward to working with you on this title also this year.

Do any Senators have any questions for our panel? I will be glad to recognize, of course, Senator Chambliss, if you had any questions for the panel at all.

Senator CHAMBLISS. They are such a distinguished group that they have answered all my questions.

[Laughter.]

Chairman HARKIN. All right. Senator Salazar?

Senator SALAZAR. I do not have questions. I just had a welcoming comment to Governor Doyle. Obviously, we see Senator Menendez and Senator Cardin all the time, and I am proud to see what they do in their States. But, Governor Doyle, welcome before our Committee. I remember fondly working with you for many years in your service as Attorney General, and I am very proud of your efforts as Governor.

We used to say in those days, before Governor Doyle broke through the ceiling of getting an Attorney General elected as a Governor, that AG stood for "aspiring Governors."

[Laughter.]

Senator SALAZAR. And he actually not only aspired, but he got there. Sometimes when I think about John Cornyn, myself, Mark Pryor, and others, maybe we were AS's, you know, "aspiring Senators," and did not quite know it.

[Laughter.]

Senator SALAZAR. Congratulations to you, Governor, and it is good to see you here today.

Governor Doyle. Thank you, Senator. It is good to see you, too.

Chairman HARKIN. Senator Lugar, did you have anything?

Senator LUGAR. Mr. Chairman, I just wanted to thank these three distinguished gentlemen. It is really great to have their testimony and, likewise, hopefully their support of our efforts. I know you, Mr. Chairman, and Senator Chambliss are trying very hard to pull together a huge number of complex issues. This is a very important part, and you know of my support, Mr. Chairman, for conservation parts, and I like Senator Chambliss' opening comment in which he suggests USDA might come forward with standards for carbon sequestration, soil, trees, other projects. This is something that we have been involved with on my farm, the Chicago Climate Exchange, and are trying to work with Purdue on some standards that might make this more general.

But these are ways in which local farmers and farm groups at the grass roots can participate in these broad subjects of climate change and likewise provide additional income.

I know that the Governor and the Senators today will be working with their farmers who are curious about this. But I wanted to underline that particular topic.

Thank you.

Chairman HARKIN. Very good. Thank you, Senator Lugar.

Senator Brown?

Senator BROWN. Thank you, Mr. Chairman. Governor Doyle, welcome. Nice to see you.

Ben and Bob, thank you for your comments. Senator Cardin, your comments especially were helpful about the Chesapeake Bay. Lake Erie has suffered some of the same problems and many of the same challenges the Chesapeake Bay has, and I think your prescriptive ideas there are helpful, and we will pursue as many of those as we can.

Senator Menendez, on your comments, just a brief question. What you say I think is intriguing about matching low-income people up, particularly fruits and vegetables, with your farmers. I know you have legislation, but talk through, if you would for a moment, both from the sort of legislative side of what we do to encourage farmers markets and WHIP program and all that we can do with fruits and vegetables directly to consumers, and if you have any thoughts about what a Senate office can do, sort of county by county, community by community, to help sort of encourage or stimulate more of that in our communities, especially in low-income areas, but not necessarily confined to that. If you would just take a minute or two on that.

Senator MENENDEZ. Sure. Well, you know, in New Jersey one of our challenges is to get from the producer, from the farmer, to the marketplace, and to do it in a high-cost environment. And what we have matched is a combination of the producer to the school lunch programs so that we can have better nutritional opportunities for our kids, to match them with after-school programs, and to match them in farmers markets, particularly in urban centers, so creating urban support for a farming purpose, and in the State of New Jersey creating support for bond issues, for example, where overwhelmingly the majority of the population of the State is located in either urban and suburban communities that are non-farming, but support very significant, robust investment into keeping New Jersey the Garden State.

So part of what we seek to do in our legislation is enhance the opportunities for farmers to go to farmers markets, to be hooked up for children's nutrition, and to incentivize and help them in achieving those connections going from their producing opportunities to the marketplace and making it more successful along the way. And we think that the merger, as we look to the agricultural bill overall, where clearly the great bulk of the money will not come to areas like mine but, nonetheless, for which we are collectively a Nation, that it creates support from very important pockets of the Nation to be supportive of a broader ag bill that understands that we are all in this together, that there are those who produce, those who consume, and at the end of the day, if we can make those marriages, we do so in a way that is very positive.

I believe that our legislation helps to incentivize and work with and link the farmers to two very important opportunities: creating great, high-quality food for urban areas, where people have challenges financially and can be able to buy that food at very reasonable prices, and at the same time improve the nutrition of our children at a time in which we are looking at national obesity being a major challenge.

Senator BROWN. Thank you.

Mr. Chairman, Senator Lugar and I have had conversations about food stamps and how the value of food stamps has declined in the last 20 years for far too many families. This is so important as we try to increase that, but to do much of Senator Menendez's comments would be very helpful. Thank you.

Chairman HARKIN. Any other Senators? Senator Klobuchar.

Senator KLOBUCHAR. Thank you, Mr. Chairman. Thank you to my colleagues and also to Governor Doyle. I grew up having my big vacations taking the Milwaukee Road to Wisconsin, where my mother was from, and my big highlight was visiting Sampson, the Gorilla, at the Milwaukee Zoo.

Governor Doyle. Good.

Senator KLOBUCHAR. But I just wanted to follow up a little on what you have talked about in your written testimony today about this biofuel revolution going on in the Midwest. I want you to know that we have been working with several members of this Committee to introduce legislation that would offer incentives to farmers through the Conservation Security Program to produce our first generation of dedicated energy crops for cellulosic energy production. And I think that there are many farmers I know in Minnesota and in Wisconsin that are very interested in doing this with prairie fuels and other forms of biomass. I understand that we have a very strong corn ethanol as well as soybean-based biodiesel industry going, and we want to continue that. But as we get more and more of a demand and also as we work more and more on the climate change issue, we want to develop the next generation of ethanol. And I appreciate the Chairman's leadership on this as well as yours.

My only question would be if you could just expand on some of the efforts going on in your State. I know it is happening in Minnesota where we have adopted some very aggressive standards with electricity as well as ethanol and biodiesel.

Governor Doyle. Well, Senator, thank you. We have tried to work very closely with Minnesota as we have moved forward, but clearly cellulosic, when you look at the conservation needs of agriculture and switchgrasses and, in States like Wisconsin and Minnesota, the vast forestlands that have the potential of both preserving those forests, which is one of the great challenges in our State—and I know it is in Minnesota—to not see the Great Northern Forest carved up, and one of its great uses now can be cellulosic energy.

So we are doing a whole variety of things in the State to encourage it. We actually have created a czar of renewable energy. And, of course, we are focused on—we have corn and soy as well, but really trying to move to the next generation.

The second part of that I ought to just say that is very, very important that we have focused on is the research that is necessary to get there. We have helped as a State to capitalize companies that are working through various enzymes to increase the power of ethanol 10 times over. And so I think we are still just at the very beginning of the science of all of this and the technology of it. But as we are able to turn grasslands that are so important to the overall conservation of our States into energy-producing areas, it is a perfect example of how conservation and energy really come together.

So I thank you for your comments. That is something we really look forward to working with you on.

Senator KLOBUCHAR. Thank you very much, Governor.

Chairman HARKIN. Anyone else? Yes, Senator Stabenow.

Senator STABENOW. Thank you, Mr. Chairman, and welcome to our colleagues and Governor Doyle. Senator Cardin, when I think about the Chesapeake Bay and the Great Lakes, we have a lot of similar issues, and this Conservation Title is very important to that.

I am wondering, though—I am thinking in particular, Senator Menendez, because I know you are interested in specialty crops—if any of you would want to comment. We are considering adding a specialty crop title to the farm bill and really talking about what you have talked about in terms of nutrition and bringing fresh fruits and vegetables to our urban areas and farmers markets and really dovetailing what we are doing on nutrition with the need to support our growers. Orchards have different kinds of conservation programs than dry beans, for instance, both of which are in my State, but they have different needs and so on.

But I wondered if you might—I know you have legislation as well, as I do and others, and I wondered if you might just speak to the specialty crop issue and your thoughts on that.

Senator MENENDEZ. Well, I appreciate it, and in addition to our legislation, we have joined with you because we believe that the unique aspect that you take as it relates to specialty crops is very important, certainly important to a State like New Jersey with blueberries and peaches and other similar crops.

I just happened to have this past Monday a statewide meeting of all my farmers with the Secretary of Agriculture and listening to some of their many challenges so that as we prepare for the debates that will be coming and the Committee's work and what will

come to the floor about, from their perspectives, some of these challenges. You know, one of the things they talked about is, for example, the great importance to them of research and having the ability to be more prolific in their production as a result of good research, in our case as the Rutgers Agricultural Station, in New Jersey. A tremendous amount of that research has helped them not only be more prolific, but on water quality issues, on food safety issues, and it has been very helpful. So that is one part of that issue.

I think also the reality of this whole issue of how do we continuously meet the challenges of getting to marketplace, and for them often cutting out the middleman so that they can reap a greater amount of the profits that they are creating.

So those are some of the unique insights that they were providing to me. There are some others, and I would be happy to send them on to you as you pursue your own legislation as well, as part of the overall effort.

Chairman HARKIN. Thank you all very much. I just want to say, Governor Doyle, you mentioned in your written statement how much Wisconsin was putting into conservation, and prior to the last farm bill, we looked around and saw a lot of States—New Jersey, Maryland—a lot of States are putting State money into certain conservation practices. It occurred to us that there was very little coordination sometimes between the State and the Federal.

And so we put a provision in the last farm bill called "Partnership and Cooperation," which allowed the Secretary to use up to 5 percent of any program money, conservation program money, as incentives to work with States to combine State and Federal money together and incentivize farmers to use both State and Federal conservation programs.

That program has not been used, quite frankly, in the last 5, 7 years, and we are going to look at it again. I guess what I would ask of the Midwest Governors, if you could for me, is to go back to your think tank, your people back there, and ask them if they could provide for us any suggestions on how we can better cooperate with State governments in maximizing the use of conservation monies so we are not duplicating, so that two things can work together.

Obviously, one of the things I have in mind is the Conservation Security Program, which was a departure from the past. In the past almost all conservation programs had to deal with land taken out of production or production practices, taken out of production. Well, we thought about providing for conservation on working lands, which is the Conservation Security Program.

You mentioned you had a new management plan in Wisconsin. Well, that is one of the big parts of CSP. What gets in my mind is, well, are we overlapping or are we promoting one another here? Obviously, what you are doing is what the CSP is supposed to do, too, and that obviously would apply especially to Maryland, nutrient management type programs on farms.

So I am just curious about that interplay between State and Federal Government.

Governor Doyle. Well, I will speak from my experience, which is because a lot of people, as I am sure in all of your States, work

very hard out there, county agents and others, they are the ones that sort of have to try to sort these out for this complicated menu of some State, some Federal, and then a whole variety of State and a whole variety of Federal, that are available for a particular farmer who is looking for help.

So I think there is no doubt we can improve on that. The nutrient management is the best example. I have just proposed a budget in which we nearly double our State commitment to grants going to farmers and others to help them do various things in nutrient management to help water quality, which is obviously an enormous issue. And for the State of Wisconsin, with our rivers and lakes, it is vitally important that we address it.

I would be happy—I will certainly talk to the other Governors and discuss with you and your staff how we best do it, because we are all in this for the same purpose, and to the extent we can leverage each other's resources in the most effective way, it is what we should be doing.

The same is true of Senator Menendez and the comments he was making. We have a very active farmers market program, and we have a very rapidly developing organic segment. In fact, we are one of the top three States in the country in organic products. And, increasingly, farmers are finding those specialty products and organic products to be their profit centers. We have more and more demand for, as you said, Senator, how do you get started, how do you get—and I think also the public is now demanding greater and greater accountability about where the food sources came form and how they were grown, how they were raised. And to the extent that we all work together to demonstrate to the American people the quality of the food that they have, it is going to be better for all of us.

The point you make is a very, very important one, and one that we should be in very close communication with you on.

Chairman HARKIN. Because I want to enhance that cooperation program. If you have suggestions from the Governors on how we can better do that, I would appreciate that.

Ben?

Senator CARDIN. Mr. Chairman, I thank you for raising that. The cooperative funds could be a valuable source for the States. The Bay States, which have done a lot in conservation, have requested the use of these funds by the Secretary of Agriculture and have not gotten very far with it.

So I think it might be helpful in the reauthorization process to really challenge why these funds have not been used, because there is a desire—you are right. Each of our States have been aggressive in this area, and it would be much better if we worked in cooperation and use the funds effectively.

So we are looking for every source we can to advance our conservation initiatives, and keeping it coordinated would be very helpful. So I would urge you just to talk to the Secretary about that.

Senator MENENDEZ. Mr. Chairman, if I may on that point, at the same meeting with all the statewide farming stakeholders, they mentioned this program that you are referring to. But they said that it is so onerous for them to participate in that in the balance

of choosing whether to do so, they choose not to have any Federal dollars. And so I would be happy to share with you and the Committee their insights as to how it might be less onerous, but still have, of course, all the safeguards you want to have and make sure it is appropriately invested. That might make it more productive.

Chairman HARKIN. Well, one of the things in the farm bill, we said "up to 5 percent." Maybe it should be "not less than 5 percent." And then try to get over some of the onerous paperwork.

I also want to thank you, Senator Menendez, for mentioning the Fruit and Vegetable Program. It has been expanding around the country, but it needs to expand further. And you are right that by doing it this way, you get a lot of support that you might not otherwise get—school boards, families whose kids are in school. You just broaden the whole support structure out there. Plus with the recent Institute of Medicine report that just came out last week, basically saying here is what we ought to be doing with food in our schools adds more impetus to us to push ahead more aggressively in that area, I think. So I thank you for mentioning that.

Thank you all very much for your testimony. Governor Doyle, I look forward, again, to getting any suggestions about how we can work more cooperatively with State governments.

Governor Doyle. Thank you, Senator.

Chairman HARKIN. Thanks, Governor Doyle.

OK. We have Mr. Olin Sims, Mr. Ferd Hoefner, Mr. John Hansen, Ms. Julie Sibbing, and Mr. Bob Harrington on the second panel.

Again, as with the last panel, your statements will be made a part of the record in their entirety. I will ask you to keep your comments to 5 minutes so we can have a discussion and questions.

We will start with Mr. Olin Sims, President of the National Association of Conservation Districts, first became involved in 1987 when he became a rural supervisor for the Medicine Bow Conservation District. He has served as area director since 1996. He served for 5 years on the NACD board and for 6 years as President of the Wyoming Association of Conservation District. He and his family operate the Sims Cattle Company in Rock Creek Valley.

Welcome to the Committee, Mr. Sims, and please proceed.

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

Mr. SIMS. Mr. Chairman, members of the Committee, thank you very much. As you said, my name is Olin Sims, President of the National Association of Conservation Districts, a rancher from McFadden, Wyoming, and my family operates a 700–cow/calf operation on 22,000 acres of private, State, and deeded Federal leases in Wyoming.

The 2002 farm bill assisted producers across the country in many ways, but in my area of the country, the conservation programs are the farm bill. My access to farm bill programs and assistance has been limited to conservation programs only.

My family has utilized conservation program assistance for over 40 years. These programs have helped us better manage our ecological resources by alleviating impacts to riparian areas, better control of invasive species, addressing water quality issues, and al-

lowing us to better manage our rangeland resources to lessen the chances of overgrazing. This is all done utilizing technical and financial assistance provided my local conservation district and the USDA NRCS.

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

Mr. Chairman, my comments today on the Conservation Title are based on the recommendations approved by our Board of Directors, which includes one member from every State and the U.S. Territories. Conservation districts have a unique role in conservation program delivery. Our members work with landowners and State and Federal agencies to help deliver the technical assistance, all part of the locally led process that we support.

NACD's recommendations focus on a priority for working lands conservation programs. We believe there should be consolidation and streamlining of these programs, making them easier for producers to understand, apply for, and easier for field office staff to administer. All working ag lands should be eligible for these programs—including non-industrial private forestlands, fruits and vegetables, livestock, row crops, and small production lands that may border urban areas.

We recommend two working lands conservation programs: a modified EQIP and a streamlined CSP program. NACD recommends combining the program functions of the WHIP, the Forest Land Enhancement Program, the Ag Management Assistance Program, and the working land elements of the Grassland Reserve Program into the existing EQIP program.

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

NACD supports maintaining the two land retirement programs—CRP and WRP. The CRP program should continue to focus on the special initiatives, continuous signups, and the Conservation Reserve Enhancement Programs. CREPs have been very successful in leveraging State dollars, creating a partnership between the State and Federal Government for protection of specific local natural resources.

The WRP program has been successful in restoring wetlands, resulting in improved water quality and wildlife habitat.

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

The Conservation Technical Assistance Program, outside the authorization of the farm bill, is critical in assisting NRCS offices at

the local level to work with districts, landowners, and State and local agencies to address local resource concerns. CTA assists by working with landowners and operators up until the point of entering into a farm bill conservation program contract. This assistance is critical.

Technical assistance is utilized to work with landowners on conservation project design, layout, and implementation, and also helping landowners understand highly erodible land and the necessary compliance for participation in farm bill commodity programs. CTA is also critical when working with landowners that have smaller operations and not be your typical USDA program customer, but need assistance to prepare them for participation in conservation programs.

Mr. Chairman, the 2002 farm bill was a hallmark for conservation in this country, and we hope the 2007 farm bill will maintain this commitment to conservation. Conservation districts believe that every acre counts from a conservation perspective and that the farm bill needs to bring its conservation benefits to all producers and all ag lands. It does not matter whether it is EQIP or CSP, WRP or CRP; on-the-ground results are what counts, and making sure that we have the vehicles to get those results in 2007 will be the principal measure of our success.

Mr. Chairman, Mr. Chambliss, members of the Committee, thank you very much for the opportunity to testify, and I am more than willing to answer any questions.

[The prepared statement of Mr. Sims can be found on page 146 in the appendix.]

Chairman HARKIN. Mr. Sims, thank you very much for your statement.

And now we will turn to Mr. Ferd Hoefner, Policy Director for the Sustainable Agriculture Coalition. This coalition includes nonprofit organizations throughout the country that work directly with farmers and ranchers. Mr. Hoefner has been the group's senior Washington, DC, representative since 1988.

Mr. Hoefner, welcome again to the Committee.

STATEMENT OF FERD HOEFNER, POLICY DIRECTOR, SUSTAINABLE AGRICULTURE COALITION, WASHINGTON, DC

Mr. HOEFNER. Good afternoon, and thanks for the opportunity to testify.

Let me start briefly by naming four out of our ten overarching, non-program-specific Conservation Title priorities.

The first of those would be to reauthorize and update the Resource Conservation Act. Previous RCA appraisals have played major roles in subsequent Conservation Title policy decision-making, but the Act comes to an end in 2008 unless it is reauthorized by Congress in this farm bill. We suggest combining the RCA with the monitoring and evaluation provision that this Committee rightly added to the last farm bill and then funding that monitoring and evaluation component as a percentage of total spending for each conservation program, much like we do with technical assistance right now.

Second, the last Conservation Title made important strides on better meeting the needs of beginning farmers and ranchers, and

we think that should be expanded upon in the new bill to encourage the adoption of strong conservation systems that will last a lifetime.

Third, as this Committee addresses a more robust set of energy-related provisions, we believe sustainability criteria should be established to guide all farm bill conservation and energy programs.

And, finally, we strongly encourage the adoption of an enhanced Partnership and Cooperation Initiative administered at the State level to support special projects that address local environmental and community development problems and opportunities.

Turning to the major Working Lands Conservation Programs, let me begin with conservation compliance. Based on the recommendations of the GAO, the new farm bill should strengthen waiver guidelines and accountability to eliminate the abuse that was documented by GAO. In light of the fact that nearly half of all excessive erosion is now occurring on land not technically classified as highly erodible, compliance requirements should also be extended to all cropland eroding at excessive levels.

And, finally, we strongly support the sodsaver provision which was passed overwhelmingly by the Senate in 2002. We suggest that the budget savings from this provision be reinvested into wetlands and grasslands restoration.

With respect to the EQIP program, we think that steps can be taken to better coordinate EQIP with CSP. EQIP can help producers get ready for the higher level of conservation demanded by the CSP and should provide a ranking system priority precisely for that purpose. EQIP should also be modified to require that all funded projects promote significant progress toward the sustainability criteria for the resource concerns being addressed. This change would more closely align the two programs and facilitate enhanced coordination and improved delivery.

To assist farmers and ranchers seeking to adopt more sustainable systems and to sell into higher-value markets, the new farm bill should make stewardship incentives for organic farming a priority, including both technical assistance and financial assistance.

Our top priority for the new Conservation Title is to restore full funding and make program improvements to the Conservation Security Program. In its first 3 years, CSP has enrolled nearly 20,000 farmers and 16 million acres in 281 watersheds across the country, securing over $2 billion in long-term commitments to excellence in land care. Great progress has been made, but the over $4 billion unfairly cut from the program and sharp constraints placed on every enrollment to date.

The program is currently on a timeframe where producers would get a once-every-generation chance to enroll. That is simply untenable, so it is an inescapable core issue for the new farm bill to ensure that the program is available to farmers and ranchers on a regular and timely basis. We believe the environmental criteria for participation in CSP should be refined based on what we have learned in the first 3 years of the program.

The eligibility standard for CSP participation should continue to set a very high stewardship level. We would also support codifying the current regulatory requirement that soil and water quality be addressed at all tiers of participation, and we would also support

adding wildlife habitat as a mandatory resource concern at Tier II as well as the Tier III level.

Initial CSP contracts should include new practices that are currently being shunted off administratively to the contract modification process. By moving them forward in time to the beginning of the contract, the process will be streamlined, and producers will have a clearer sense of the requirements and the rewards of participation.

The CSP is the first conservation program to include energy conservation as a priority resource concern. We believe that it would also be an ideal framework for addressing emerging energy production and climate change issues. We are excited about the bill being developed by Senator Klobuchar and other members of this Committee in this regard.

Turning quickly to the retirement programs, we are strong supporters of the Wetland Reserve Program and really urge the Committee to do whatever it takes to find funding to continue that program at at least 250,000 acres. Our written statement has a lot of recommendations related to the Conservation Reserve Program, but given the time I will leave those.

Thanks for the opportunity to testify, and I would be happy to answer any questions.

[The prepared statement of Mr. Hoefner can be found on page 87 in the appendix.]

Chairman HARKIN. Thank you very much, Mr. Hoefner, for your statement.

And now we turn to John Hansen, testifying on behalf of the National Farmers Union. Mr. Hansen is the President of the Nebraska Farmers Union and Secretary for the National Farmers Union, operating a diversified grain and livestock operation.

Mr. Hansen, welcome again to the Committee.

STATEMENT OF JOHN HANSEN, PRESIDENT, NEBRASKA FARMERS UNION, LINCOLN NEBRASKA, ON BEHALF OF THE NATIONAL FARMERS UNION

Mr. HANSEN. Chairman Harkin, members of the Committee, Senator Chambliss, thank you for this opportunity to appear before you today. Thanks to the leadership of the Senate Agriculture Committee, the 2002 farm bill dramatically expanded the size and scope of conservation programs. As we developed the 2007 farm bill, it is appropriate that we build on programs that are working, modify programs that need improvement, combine programs, if appropriate, to reduce administrative costs, and, if necessary, look to build new programs where needed.

If we want good resource management, we need good resource managers who have a conservation ethic, that believe in leaving our natural resources in better condition than we found them for future generations. In short, the key to good resource management depends on supporting our traditional system of family farm and ranch agriculture.

The National Farmers Union has been a leader in supporting conservation programs. We support full funding for EQIP. We support permitting State technical committees to set EQIP priorities based on the resources needs of the various States. Furthermore,

as we continue to expand conservation programs, we need to keep pace with additional administrative workloads involved by increasing and fully funding technical assistance.

National Farmers Union supports fully funding the Conservation Security Program as long as producers have an adequate income safety net tied to the cost of production with a permanent disaster program. We support the current CRP cap of 39.2 million acres and additional funding to reflect the increases in land values, rental rates, and property taxes.

We encourage efforts to further enhance and incent wildlife habitats in existing CRP acres. National Farmers Union supports a new initiative to increase a nationwide buffer strip program to protect fragile and vital waterways. The idea of this program is to incentivize producers to voluntarily plant permanent buffer strips next to rivers and streams that could be used for wildlife habitat, harvested for hay, used for biofuel feedstocks, to capture carbon, or whatever the landowners desires. This is a case of using an ounce of prevention to reduce the billions of dollars spent annually by local, State, and Federal Governments to deal with water quality problems created by non-point source pollution.

Finally, I want to mention NFU's new carbon credit program that is a voluntary, private sector-based program to financially reward ag producers for sequestering carbon into the soil while also practicing good conservation. In our first year, which began last October, NFU has enrolled over 1 million acres. The aggregated carbon from these acres will be marketed on the Chicago Climate Exchange this calendar year. The Chicago Climate Exchange pilot program has recently been expanded while also adding a new conservation practice. In addition to the current approved practices of no-till farming or planting of legumes or grasses on row crop acres, the establishment of woodlands, and methane recovery from livestock operations, there is a new rangeland management practice for intensive or rotational grazing on permanent pastures. We hope the conservation plans of the future include the opportunity to utilize the benefits of carbon sequestration.

Thank you, Mr. Chairman, for this opportunity to testify, and I will do my best to answer any questions you may have.

[The prepared statement of Mr. Hansen can be found on page 76 in the appendix.]

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

And now we turn to Julie Sibbing, Senior Program Manager, Agriculture and Wetlands Policy, for the National Wildlife Federation. She is here representing the National Wildlife Federation and this Agriculture and Wildlife Working Group, and it includes 16 of the country's foremost wildlife and conservation organizations.

Ms. Sibbing, welcome. Please proceed.

STATEMENT OF JULIE SIBBING, SENIOR PROGRAM MANAGER FOR AGRICULTURE AND WETLANDS POLICY, NATIONAL WILDLIFE FEDERATION, WASHINGTON, DC

Ms. SIBBING. Thank you. Good afternoon, Chairman Harkin, Senator Chambliss, members of the Committee. I am really gratified for this opportunity to testify today on behalf of not only the Na-

tional Wildlife Federation but the Agriculture and Wildlife Working Group.

As Senator Harkin said, the Agriculture and Wildlife Working Group has worked together over the last 2 years. It is a partnership of 16 of the country's leading hunting, fishing, and conservation organizations. There is a full list in my written testimony.

We have set out to decide what the goals and recommendations for the future of ag conservation programs are over the past 2 years. Our group's consensus set of recommendations were published recently in a report entitled "Growing Conservation in the Farm Bill." I am entering that publication into the record as part of my testimony today.

This is an unprecedented collaboration for 16 large groups, collectively representing millions of conservation-minded citizens across the country. It has led to solid recommendations. Our groups feel strongly that the conservation programs provide substantial and broad benefits that justify their continuation and, indeed, expansion in the 2007 farm bill. I will attempt to briefly summarize some of our recommendations here today.

The group believes that the Conservation Reserve Program has overwhelmingly proven its worth over the past 20 years ago. By often setting aside the marginal highly erodible lands, the CRP has resulted in 450 million tons per year of soil loss avoided. We have sequestered over 48 million tons of carbon and produced million of pheasants and ducks each year. The Ag and Wildlife Working Group recommends that the CRP be expanded to its originally intended 45 million acres.

And just to point out, we do have a visual here that tries to make it a little bit more stark. We are not talking about taking lands out of corn production. We are talking about half of the soils in central South Dakota that are considered highly erodible are eroding right now at intolerable rates. And so we are talking about trying to put these things into protection under programs like the Conservation Reserve Program, and, indeed, the expansion is justified.

The Wetlands Reserve Program has also provided excellent habitat for fish and wildlife, as well as increasing groundwater recharge, carbon sequestration, and treatment of polluted runoff. The program is also extremely popular with landowners. Right now there are at least three acres waiting to be enrolled for every acre that is enrolled in the Wetland Reserve Program, and there is a backlog of over half a million acres. The Ag and Wildlife Working Group supports raising the WRP enrollment cap to 300,000 acres per year.

The Grasslands Reserve Program has an enormous potential to help conserve one of America's most endangered ecosystem, our native grasslands. The demand for the program quickly exceeded the cap. Though 900,000 acres were enrolled in the GRP program, 6.2 million acres went unfunded in 2004. Thus, there is significant demand for this program. We suggest increasing the Grassland Reserve Program in the next farm bill to 2 million acres a year and focusing the land on large tracts of native grasslands and long-term easements.

The Ag and Wildlife Working Group also supports a gradual increase in the Wildlife Habitats Incentive Program, ramping up

from $100 million to $300 million over the course of the 2007 farm bill. We would ask that a significant portion of the new funding be dedicated to aquatic restoration, including instream habitat improvement projects.

The Ag and Wildlife Working Group notes that programs to assist forest owners in managing their land and keeping their land and forest cover are quite small compared to the actual need for such assistance. We support increased technical assistance, education, and outreach to forest through existing programs such as the Forest Stewardship Program and others that provide funding for cost-sharing of forest management practices. We also support the increased funding for the Healthy Forests Reserve Program.

The group also supports reauthorization of the Conservation Security Program, and we would ask that improvements be made to ensure that the program provides increased, measurable, and consistent benefits for fish and wildlife conservation. The CSP should enhance other USDA conservation programs and not be used to replace or reduce their funding.

The current ag safety net provides substantial price support and risk protection to crop producers which make crop production possible, even where yields are consistently poor. The Ag and Wildlife Working Group supports a sodsaver provision in the 2007 farm bill that would deny benefits for new lands brought into production, appropriately putting the risk of breaking new land on the landowner himself.

The group supports the development of a voluntary public access provision for conservation lands, both through funding of State-managed voluntary access programs and through granting a higher enrollment priority to conservation program applicants willing to include a public access component to their applications.

While the Ag and Wildlife Working Group supports research and development funding to promote the next generation of biofuels and renewable energy, we would like this to occur through the Energy Title and be based on sustainable polycultures.

On behalf of the National Wildlife Federation and the Ag and Wildlife Working Group, I want to thank you for the opportunity to share with you our collective desires for the future of conservation. We look forward to working with you to develop a strong Conservation Title that will help to meet the needs of both producers and for our soil, water, and wildlife resources.

Thank you.

[The prepared statement of Ms. Sibbing can be found on page 106 in the appendix.]

Chairman HARKIN. Thank you, Ms. Sibbing.

And now our final witness is Mr. Bob Harrington. Since 2003, he has been a State forester in Montana. He is here today representing the National Association of State Foresters, which includes the directors of all 50 State forestry agencies.

Mr. Harrington, welcome. Please proceed.

STATEMENT OF BOB HARRINGTON, STATE FORESTER, MISSOULA, MONTANA, ON BEHALF OF THE NATIONAL ASSOCIATION OF STATE FORESTERS

Mr. HARRINGTON. Good afternoon, Mr. Chairman, members of the Committee. As you said, my name is Bob Harrington. I am thrilled to be here and traveled from Big Sky country to testify before you on behalf of the National Association of State Foresters. And I am here primarily to ensure and to make the case that forestry remains a vital part of the farm bill.

Montana family forest landowners and private forest landowners are caught in the middle of three primary forestry issues that are facing private forest landowners across the country. First is the health and the sustainability of the management of their forestlands. Climate change and natural events such as disasters—natural disasters, wildfires, insect and disease infestations, as well as the tremendously devastating hurricanes that hit the Gulf Coast a few years ago—have all formed somewhat of a perfect storm to present management challenges to those landowners. They are also watching as we increasingly see the divestiture of industrial forestlands across the country and conversion into real estate investment trusts as well as selling lands to timber investment management organizations. And they are also quite concerned about maintaining the forest industry that we do have in this country and ensuring that they have access to markets for the forest products off of their lands.

Now, why are forests important to this farm bill? What is the compelling national interest of private forestlands to the development of the farm bill? We would make the argument to you that, first of all, one third of America is covered by forested land; 60 percent of those forests are privately owned, and there are tremendous public benefits that are derived from private forestlands, such as fiber in the form of wood not only for building our homes but for producing paper and other goods and supplies. Energy. We know that we have tremendous opportunity to utilize biomass not only for heat, energy, for the production of electricity, but also some encouraging developments in cellulosic ethanol.

We know that a lot of the watersheds in this country are forested. They provide valuable wildlife habitat as well as access for recreation. And, as well, I think you should not lose sight of the fact that a tremendous number of your agricultural producers also have forestland on their property, and they benefit tremendously when times are lean in commodity prices and other things, to be able to utilize those wood products to help support their farm. We believe the farm bill has potential to help, and I would like to talk to you about a success story, a partnership between Montana Department of Natural Resources and the NRCS to use our State staff to deliver technical assistance to private forest landowners. Through this partnership we have funded State forestry staff to provide that technical assistance while they have access to EQIP funds to complete forest management projects on their property. EQIP has helped us to address the tremendous backlog in private landowners who are waiting for such assistance, and over 140 projects have been completed on family forestland to address issues

such as post-wildfire rehabilitation, hazardous fuels reduction, and thinning to improve forest health.

Mr. Chairman, I believe I attached or I had distributed to you examples of the types of projects that we have funded in Montana with that.

What are the keys to this success? First and foremost, we needed leadership and commitment from the NRCS State conservationists, and myself and our staff that we were going to work together to deliver these results to private forest landowner programs. We initiated and signed a memorandum of understanding as well as agreement on cost reimbursement to both our agency as well as the private forest landowners. And we have each participated on technical committees, such as the State Technical Committee for the NRCS, and the NCRS is represented on our State Forest Stewardship Committee. The problem is this success story is only occurring in a handful of States. The vast majority of my counterparts have told me that they have been frustrated acquiring access to the EQIP program in their States.

So what can you do? First and foremost, you can expand authorities for forestry in the farm bill. You can provide clear direction in the managers' report on congressional intent. You can hold agencies accountable for forestry assistance accomplishments to private forest landowners.

We have talked to your staff, and we have reviewed different proposals to combine redundant programs, and we are certainly supportive of that effort provided that we can be sure that forestry programs and private forest landowners continue to have access to those programs.

So, in summary, Mr. Chairman, I would like to encourage you to strengthen the forestry language in the 2007 farm bill, utilize State forest stewardship programs and forest landscape assessments to market and focus NRCS cost-share programs, ensure the NRCS and other USDA agencies will promote cooperative relationships with State forestry agencies, and, last but not least, I would like to encourage you to ensure the capacity of State forestry agencies to deliver the private forest landowner programs and that they continue to be the primary delivery mechanism for private forest landowner assistance.

Mr. Chairman, thank you very much, and I am more than willing to answer any questions.

[The prepared statement of Mr. Harrington can be found on page 83 in the appendix.]

Chairman HARKIN. Well, thank you, Mr. Harrington. Thank you all very much for your testimonies. I do not mean to single anyone out, but, Mr. Hoefner, thank you for a very comprehensive statement that I reviewed last night. It has a lot of good data and things, and I appreciate that.

I will just start off with 5 minutes, and then I will yield to my colleague, Senator Chambliss.

We have two things in conservation. We have the land retirement programs where we take land out of production. The Wetlands Reserve, and Conservation Reserve Programs protect wildlife habitat, clean water, fisheries, wild fowl, restore wetlands, that type of thing. A lot of these lands are erodible. We know that if

they go into production, they are going to wind up in our rivers, our streams, our lakes. And so we have had a series of programs designed for these purposes.

Then the other part of conservation is the conservation we want farmers to practice on working lands. After all, we are producing. I hope we continue to produce. And now we are going to be producing not just food and fiber but also for fuel. We are going to have a big demand, hopefully, Senator Lugar, for cellulose, and we are going to move very rapidly. And we want to move into cellulose, and we are going to try to address that in this farm bill also.

Here is kind of a problem that we may have. You know, we cannot force anyone into conservation. These are voluntary programs. So CRP, for example, is a 10–year voluntary program, and farmers bid in land. Well, if I could divide it up this way, on the one hand, on the one part of CRP, you have what I call the ravines and gullies that are highly erodible, should never be cropped, and when those contracts come up, you can probably bid those in, and we can afford to pay those contracts.

On the other end of the spectrum, there is some very level land, very flat, that is in CRP now. But because of high grain prices, there is no way that we are going to be able to afford to get those back in.

In the middle of that, there are the hills. They are highly erodible. They are productive. You can produce some kind of crops on them, but they are highly erodible.

Now, if a farmer sits down and pencils out and says, well, gee, you know, with the price of corn what it is, or beans what it is, gee, maybe I should just—I am not going to renew my contract. Or if I do, I am going to bid it in at such a high price there is no way we have the money for it.

Now, with the demand that we are going to have for cellulose crops and for cellulose production in this country for energy, it seems that we might be able to have a win-win-win situation here. If a lot of this CRP land is coming out that might go into crop production, unless we can afford some way to keep it in—and I do not know if we have enough money to do that with the prices the way they are—what about if we looked at a situation where in this middle ground I am talking about, that middle part, you say to a farmer, OK, here is what we will do. If you sign up for 10 years, we will give you a reduced CRP payment, maybe a third of what you got before; then we will give you a CSP payment because we expect you to produce something on the land, and then you can produce a conserving crop on that land, an identifiable conserving crop such as a switchgrass, for example, or prairie grass, or alfalfa, or trees; crops that would be highly conserving in nature. Then the farmer could go ahead and sell that, market that. So the farmer gets three parts: he gets marketing, CSP, and CRP. And then maybe there would be enough money then to entice them into a long-term type of arrangement.

I say that to you because you need to be thinking about this. We all want to increase—I have heard people want to increase CRP acres. Please tell me where we get the money. If you have suggestions where to get the funds, I am open for that. We want to enhance CSP, lid but that requires money. And WRP, we have no

baseline in WRP. I just mentioned it in my opening statement, $2 billion just to continue WRP.

So we have got to be looking at ingenious ways by which we can enhance conservation and at the same time continue to produce, which we are going to do, but in a conserving manner. And so I am hopeful that you will take a look at how we combine some of these things and put them together to get the most for the dollar that we will put into it.

If any of you have any response to what I just said, I would be glad to recognize you for that. Otherwise, I will go on and just leave that as a statement. Mr. Sims or Mr. Hoefner?

Mr. SIMS. Yes, Mr. Chairman, members of the Committee, you have laid out quite a scenario that is very real in front of all of us, and I think it is extremely important as we move forward. We have witnessed the benefits of the CRP program over the last several years, many years.

Chairman HARKIN. Absolutely.

Mr. SIMS. And we have also recognized the fact that with the new opportunities in agriculture, being able to produce energy crops, that we are seeing some acres that are going to halve and are going to come out of the CRP program. And that is a good thing as long as we make sure that we have a program available still, CRP program, to protect those most highly erodible, most environmentally sensitive lands.

I think part of that plays back to the fact of the importance of the conservation technical assistance being available for those landowners, producers, to be able to go in and talk with their field office staff and make that decision whether it is worthy of pulling that land out of the program. Also, I think we can take that one step further and make sure that if there are lands pulled out of the CRP program to go into an energy crop, we need to be looking at comparing soil types to crops. Perhaps pulling a certain soil out for a row crop maybe is not such a good idea, but for a more grass-type, biomass-based crop might be more appropriate because those are not annually planted. They are more of a long-term type crop.

So I guess I would offer that at this point.

Chairman HARKIN. Well, we thought about one thing, about getting land grant colleges around the country involved in having demonstration farms to demonstrate. What might be good in Wyoming is not good in Iowa, et cetera, et cetera.

Did you have something, Mr. Hoefner?

Mr. HOEFNER. Yes, just a few policy thoughts on that.

One is you mentioned at the outset that there is land in CRP that should definitely remain there long term, and we are getting ready to put in a lot of that land for the third go-round. We think it is time to start talking about a voluntary long-term easement option within CRP to deal with some of that. So I would start with that.

Another question that immediately comes to mind in this context is, What about compliance? You know, if we have good, effective enforcement of compliance, then that land that does come out of CRP will still have a level of protection. But we are very nervous right now that we do not have that level of compliance that we once did have.

And then I would also mention that another really good option, for land that is coming out, would be to make sure that the landowner has the option of keeping in conservation buffers so that they can continue in the continuous signup even as part of the field then goes into some kind of energy crop production.

So I would just throw out those ideas.

Chairman HARKIN. Very good.

Who else? Mr. Hansen, then Ms. Sibbing.

Mr. HANSEN. Yes, I think that one of the things that we have looked at in Nebraska—and it is, I think, a regional problem of significance that the Committee ought to think about as well—is the emerging problem of water-short areas in the West that are really struggling with how to deal with reduced irrigation and access to water.

And so as we look at western Nebraska, eastern Colorado, northwestern Kansas, Wyoming, South Dakota, we are seeing some areas that really are struggling with reduced water. And so one of the things that we have thought about in trying to modify the CRP program in a fashion that would be a shorter-term CRP program that would be geared toward transitioning traditional row crop into grasslands and biofuel, cellulosic-based type production, and that that seems to make a good transition, makes good sense in terms of trying to respond to the economic problems. And in our State, we are getting—EQIP, we are getting twice the requests as we have money, but in the case of all the water-conserving programs, we are getting about 4.5 times right now the amount of requests as we have funding.

Chairman HARKIN. Thank you.

Does anyone else have a comment on what I just said? Ms. Sibbing.

Ms. SIBBING. Yes, thanks, Mr. Chairman. We are aware that CRP is coming under intense pressure for corn ethanol, and many people are going to be weighing their options whether to come out or not. It will not be a purely economic decision in all cases, as some people have developed a tradition of hunting on those lands and do appreciate the pheasants they produce, et cetera.

The wildlife community is pretty unanimous in not supporting the use of CRP for this purpose. We think that the purposes of soil, water, and wildlife are incompatible with biofuels production. The National Wildlife Federation has, though, promoted a program that I believe Ducks Unlimited is also supports that would create an Energy Title program that would be specific to production of biofuels——

Chairman HARKIN. Ms. Sibbing, I hate to interrupt you, but if CRP land is going to come out, we cannot force anyone to stay in the CRP program.

Ms. SIBBING. Right. We appreciate that.

Chairman HARKIN. So it seems to me that——

Ms. SIBBING. If it comes out——

Chairman HARKIN [continuing]. If you can grow a conserving crop on it that provides wildlife cover, it seems to me that is better than the other possibility.

Ms. SIBBING. No. That is why we would offer enrollment in this new program for those that are coming out of CRP. However, the

nature of biofuels is such that we are going to have to have a 200,000–, 250,000–acre area in a small 50–mile radius in order to service some type of facility. So it is not all going to be CRP. We would like to look at taking land from CRP that is coming out as well as other marginal lands and other lands that landowners are willing to put into, but giving it a full start and heading at energy as the production purpose.

Chairman HARKIN. Thank you all very much. I have taken more than my amount of time.

Senator Chambliss?

Senator CHAMBLISS. Thank you, Mr. Chairman.

Mr. Harrington, I was in southeast Georgia yesterday. We have a forest fire burning down there that looks like, if something does not happen, we are going to exceed burning of 100,000 acres in the southeast part of our State. And I was particularly impressed by the job that Alan Dozier, who is our chief firefighter at the Georgia Forestry Commission, is doing.

The one thing that really impressed me about the great job that is being done down there or in addition to the great job that is being done down there is the cooperation and the assistance that we have had from our surrounding States. I do not think we had anybody from Montana, but I am satisfied if we do not, the only reason we have not is because we have not called you.

You folks have a great brotherhood and a cooperative spirit that is unlike anything I had ever seen before, and I just want to commend your organization and ask you to pass on our great thanks from the southeastern part of our State for the great work that firefighters are doing from all over the country to help us solve that problem down there.

Interestingly enough, we talk a lot about forest management and what we can do to prevent forest fires, but we do a pretty good job of managing forests in our area. We have done a lot of prescribed burning over the years in this part of the State, and yet it is so dry you just never know what is going to happen. And you guys have a very difficult job out there, and we appreciate you.

Mr. Sims, the NACD supports combining the programmatic functions of the Working Lands Program and an expanded EQIP program. And I understand this would help make the programs easier to use for producers and to deliver for the agency, but there are many who believe consolidation will reduce or eliminate special purposes of these separate programs.

What is your thought about this?

Mr. SIMS. Mr. Chairman, Mr. Chambliss, we certainly support the goals of each one of those individual programs, and we do not want to lose sight of those. OK? Our intent in what we offer to the Committee for consideration is streamlining the administrative side of it so it is easier for the producers to get in the door, to get access to the program, and easier for the field office staff to deliver those programs. Our intent is to simplify that process, not to lose the goal, not to lose sight of the intent of those programs, and certainly want to hold out, you know, the historical funding that has been available in the 2002 farm bill for each one of those programs, we want to hold that intact, but it is more from the administrative

side to make that easier for the producers and easier for the field office staff to administer.

Senator CHAMBLISS. Mr. Hoefner, the Sustainable Ag Coalition has a slightly different position than NACD on the proposal to consolidate these programs. Do you believe the same benefits will be achieved if Congress directed USDA to consolidate administratively instead of actually consolidating the program?

Mr. HOEFNER. We do, and I should state at the outset that we are not categorically against combining the programs, but we think that that is probably a tough political challenge. So what we are proposing is that the Committee give some directives to move toward combined application forms and contract paperwork forms, and also revive the idea that conservation planning can be a gateway to all the programs, whether it is working lands, retirement, easement, or whatever. I really think that that has a lot of merit to it—not that every applicant will go through that process, but for those who chose to, that once you develop that comprehensive conservation plan, it can then be tailored to the programs that make most sense to accomplish what the producer is trying to produce. So we think that would give you some streamlining of program delivery, and perhaps those people who go through that process and really develop a total resource management plan could get a bump-up in the rating system or in the payment schedule under various programs, and we could really encourage more producers to do that.

Senator CHAMBLISS. Mr. Hansen, USDA has proposed to create a board to develop standards for agriculture to participate in the carbon credit trading program or other ecosystem service markets. What do you think of the proposal? Do you think more robust standards such as measurement and verification protocols are needed?

Mr. HANSEN. Well, Senator, the Chicago Climate Exchange is a market-based, private sector entity that has to date created the framework and the program standards under which the programs that organizations like mine aggregate carbon and sell the aggregated carbon. And so we have not seen anything to date that would tell us that those standards are not good standards, that they are not being enforced. They have a protocol relative to enforcement, and they do field inspections, and that is part of how they operate, and so they have been in our view fairly, we think appropriately cautious in developing standards in expanding programs, making sure that they are able to chew, if you will, what they have bit off before, before they expand. And so we have not seen, in my view, a problem yet that would indicate that there needs to be a remedy.

Senator CHAMBLISS. I thought your concept you talked about in your opening statement was interesting. Are you operating this as sort of a co-op of farmers where you are aggregating the product you have to sell to the exchange?

Mr. HANSEN. The initial program was initiated by the North Dakota Farmers Union, who operated it for about a year in terms of aggregating carbon in the State of North Dakota, and then about 9 months into that program, the National Farmers Union expanded that program by authorizing all of the Farmers Union State organizations across the country to participate in that as aggregators.

And North Dakota continues to administer the program, so we have an efficiency and a consistency in administration. So North Dakota actually carries out the aggregation and the paperwork. And so we are basically marketers, make the information available to producers, and then they are able to go through the Internet with a complete Internet access signup. So we keep administrative costs to a minimum.

We follow the same standards as do all other aggregators, and all of the enforcement, for example, of the standards is done by the Chicago Climate Exchange. If that answers your question.

Senator CHAMBLISS. Ms. Sibbing, the Agriculture and Wildlife Working Group is asking Congress to greatly extend conservation programs. As you will recall, the 2002 farm bill increased the Conservation Title by about 80 percent. We are in very difficult budget times right now, but being an avid outdoorsman, one who particularly loves to hunt and fish, from a top priority standpoint how would you categorize your needs relative to improving wildlife habitat, wildlife production?

Ms. SIBBING. Well, we have not categorized our asks, but I would say that probably our top two asks are the Conservation Reserve Program and the Wetland Reserve Program, ensuring that those programs are continued and robust in the next farm bill.

Senator CHAMBLISS. OK. To all of you now, and we will start with you, Mr. Sims: Everybody wants to spend more money in conservation. I would love to spend more money in conservation. These are difficult budget times. Which title are we going to get the funding from to put into conservation, Mr. Sims?

Mr. SIMS. Mr. Chairman, Mr. Chambliss, thank you very much for that question.

[Laughter.]

Mr. SIMS. I appreciate being first on the panel to answer it.

I will offer you this: The need and the demand for conservation assistance out there on the land has not decreased any. We have got excellent producers, stewardship, stewards of the land out there working right now. But based on the demands of society to have clean air, clean water, no soil erosion, the need for conservation programs is greater today than it probably ever has been.

And so where do we go to cut? Sir, I cannot answer that question. I can offer to you that the need for the programs are critical, strong, strongly needed out there on the ground.

Senator CHAMBLISS. Well, and I should not have phrased the question the way I did. Let me rephrase it a little bit. You can answer again if you need to. But there may be ways that we can rework the Conservation Title, if you have any thoughts on that or there are some weak areas that you see that we can make stronger on programs that each of you have talked about. So I should not have said where do we get the money from, but if you have an ideas about reworking the Conservation Title, you might include that.

Mr. Hoefner?

Mr. HOEFNER. Well, I would just offer two thoughts. One, there are a few provisions that many of us support that do save money, one of them being the sodsaver provision that I mentioned in my statement, and I think Julie did in hers. That would save signifi-

cant amounts of money that could then, you know, maybe help solve the WRP baseline problem. So I think we need to, you know, look at those kinds of options and then spend as smart as we can, given what we have.

You know, the only other thought I have is that we want to work with you and the Budget Committee and the Finance Committee to make the reserve fund into something that is tangible and real so that these needs and opportunities can be addressed.

Senator CHAMBLISS. Mr. Hansen?

Mr. HANSEN. Well, I think that Title I has a lot of the same problems and challenges that this title has in that they are seeing a lot fewer dollars available in order to accomplish the priorities of that title. And so, you know, we have tried in Title I to try to look at how you take the available dollars and come up with a more cost-effective and yet effective income safety net in that particular title.

In this title, I think that having a background—having been a local public official from 1974 to 1990 in the conservation arena, to me you go back to the same things that you always do, which is to prioritize the needs of the resources and then as cost-effectively as possible try to put money for the highest resource needs first, and then spread that as far as you can.

Well, one of the things that we found out in the current conservation program—and thanks to the 2002 farm bill—is that we found out that if you actually provide an effective carrot and an incentive to agricultural producers, they are, in fact, motivated to do that which needs to be done if you take away the financial barrier to being able to do it. And so we feel that we have to protect the income safety net of farmers first, so we are not inclined to steal from Title I. But we also believe that we constantly have to look for ways to get more bang for our buck and still spread more dollars over the resource base as we go forward.

It is a tough decision, it is always a tough decision. But from my perspective in all the years I have been working in the conservation arena, it is very encouraging to note that producers are willing to do that which needs to be done when given the opportunity to do so.

Senator CHAMBLISS. Ms. Sibbing?

Ms. SIBBING. Well, I would add to Ferd's comment that we are not yet giving up. We are working sincerely, all our groups, with the Budget Committee members and the leadership to point out the real substantive needs to fund energy in this next farm bill as well as conservation programs. So we are making that ask and working hard at that.

Mr. HARRINGTON. Senator Chambliss, first of all, I did not have a chance to thank you for your earlier comments about the response in Georgia to those wildfires. The State foresters as well as our cooperators both in local government and the Federal Government are quite proud of the efforts that are made by everyone to respond to fire seasons as they shift around the country. And I am sure hopeful that the same people are going to be available this summer, July and August, when the fires come to Montana. So, again, thank you for that.

I am afraid I do not have a silver bullet either. I did mention earlier some cost efficiencies in utilizing existing staff and eliminating redundancies, an example of where we are using existing State forestry staff to deliver programs rather than to create additional staff to implement those in the case of forestry. And the other thing that comes to mind is this is not within the Conservation Title but something of great concern and importance to the State foresters, and that is the issue of fire borrowing—paying the U.S. Forest Service fire suppression costs out of the agency's budget. I think, Mr. Chairman, when you led off with this hearing, you discussed how this Nation historically has not and should not pay for disasters out of agency budgets or out of programs, and yet that is exactly what is going on with the U.S. Forest Service budget. This year it is projected that fire suppression costs will comprise approximately 42 percent of that agency's budget just due to how that is calculated, and this is having all kinds of impacts, not only on State and private programs that we rely on in partnership with the Forest Service such as the Forest Stewardship Program, and really affecting the availability of monies for us to be able to fund some of those.

They are within the Department of Agriculture, if we could figure that out, and there are significant savings there for conservation programs in the forestry programs at the very least that we work in.

Senator CHAMBLISS. Thank you very much.

Chairman HARKIN. Mr. Harrington, we specifically added forestry as an eligible land use to EQIP in the 2002 farm bill. Your State has had good experiences, from what you have said, in that. But that does not seem to be the case everywhere else. So what would you suggest we do in order to ensure forestry receives better treatment in EQIP? If you have specific suggestions on how we modify it, I would be happy to get that, either now or later.

Mr. HARRINGTON. We could certainly provide you detailed comments on behalf of NASF, but first and foremost, I think it is difficult to legislate vision and innovation and commitment. We have benefited greatly from that in Montana on the part of the NRCS State conservationist and his staff. And I guess I have benefited as well from some visionary staff on my part. So this is a true partnership, but in those States where we are having difficulties, Mr. Chairman, I think it is simply a case of personalities and the cultures of individuals. And that is very difficult to legislate.

What I think you can do and what I mentioned in my testimony is to provide clear direction in the managers' report associated with this farm bill of the expectations and congressional intent for forestry accomplishments, and then through hearings with the leadership of the NRCS and other USDA agencies is to hold them accountable for accomplishments across the country, for forestry assistance to private forest landowners. And I think that is something that you can do. It is not necessarily something that you put in the title of the farm bill. But it is something that in your capacity of oversight of the executive branch, I think that you could hold them accountable and ask them why in the case of EQIP we have relatively few States, five or six States nationwide, where there is any kind of partnership whatsoever, and we have the vast majority

of the States where forestry assistance is really not being made available for private forest landowners, either at the State technical committees level or at the local county committee level.

Chairman HARKIN. Well, again, if you have any specific things, let us know.

Ms. Sibbing, I want to get back to the CRP thing. Look, I am not hung up on what anybody calls anything. Whether you call it energy reserve or modified conservation reserve, it does not bother me any. The problem is, again, that middle ground of CRP land. What happens to it?

Now, again, you say, well, you want to put that in energy reserve. Fine with me. But, again, we are still going to have to provide some level of support that would equal what a farmer might anticipate getting out of row-cropping it with high-priced corn, for example, or high-priced beans.

So there has got to be some combination of things there. We know we want it—we know some things. We want that land conserved. We want it in a conserving nature. So if it is going to be energy crops, then you want certain energy crops that are by their very nature conserving. Then you want the farmers who are growing those to do it in a conserving manner, so you want them to meet certain conservation practices. And then you hope that they would do it over some period of time. You would not want them 1 year and, OK, the price of corn booms up, and they take it out the next year. You cannot have that. You want a longer period of time.

So, again, I invite your thoughts and suggestions as to how we look at that vast amount of CRP land that can be coming out that we just simply will not have the money up front to bid in. But we are going to have to find some combination of things.

I like the idea of an energy reserve. I mean, that is basically what we are talking about, and I just did not want to—but when you talk about expanding CRP to 45 million acres, does that include your bioenergy reserve that you ere talking about?

Ms. SIBBING. No, sir, it does not.

Chairman HARKIN. That is separate and apart from that?

Ms. SIBBING. It is a separate program.

Chairman HARKIN. Well, please tell me where we get the money to expand to 45 million acres of CRP. We will be lucky to hang onto 36 million acres.

Ms. SIBBING. Well, sir, we would like to hang onto what we can of CRP.

Chairman HARKIN. I would, too.

Ms. SIBBING. But I think most critically we would like to hang onto the original purposes of the Conservation Reserve Program, and we are not opposed to taking land that is coming out of CRP and putting it into a biofuels reserve. The key here, I think, is to give it a new purpose in that program of producing energy and having some, you know, safeguards as you said, putting it into a resource-conserving crop and managing how that is handled and putting it into a longer term and giving them some support.

We are aware that energy and alternative energy is one of the top priorities of Congress right now, and we would like to see that reserve fund really dedicated to energy because we think it does deserve support in this farm bill.

Chairman HARKIN. Well, as I have said many times—and I keep saying it—we have a chicken-and-egg situation here. We want to get private investment into cellulosic plants, but you cannot get that now because investors are saying: Well, where is the feedstock? You want to get farmers to produce cellulose material, and they are asking the question: Where is the market? So you have got to get them both going, but there has to be incentives in there for farmers to do this.

Ms. SIBBING. Oh, we agree.

Chairman HARKIN. And that is why we have to think kind of creatively about how we build a system that is not just all Government but is also market-driven, also, and get the market forces working—maybe not up front, but as time goes on, more and more of the market will take over, like it has in corn ethanol. We do not need to support corn ethanol now. It has got quite a good market out there. It is doing quite well on its own. But we do to get cellulose started.

Mr. Hoefner, I wanted to ask you one question. You advocate reducing the maximum amount a producer can receive from EQIP over a 5–year period to $100,000. If I am not mistaken, now it is $450,000. That is a big reduction. What would be the effect of that? What would happen if you did that? I mean, who would it affect? It is going to affect somebody.

Mr. HOEFNER. Well, I think the way to look at that is from the standpoint of where did EQIP start. I mean, when it started in between 1996 and 2002, the payment cap was $50,000, so $100,000 would be double what it was just a few years ago. You know, in our view, unfortunately, that payment cap was raised ninefold in the last farm bill. It is one of those distribution questions where it is actually kind of typical. It is a small percentage of the producers and a much larger percentage of the total money. We cannot sit here and tell you exactly what those numbers are, unfortunately, because the Department of Agriculture does not collect the numbers in a way that you can give an intelligent response. However, the best guess I can give you is it is about 2 percent—people who would be over $100,000 would be about 2 percent of the participants, and roughly 15 to 20 percent of the total funds.

In the context of a program where two out of every three farmers are getting turned away because there is not enough money, we would simply raise the question: Is it equitable for some people to get $450,000 when the average payment is $15,000? We do not think so. We think we can spread that money around much better with a reasonable payment cap that would still be twice what it was in the 1996 through 2002 period.

Chairman HARKIN. Let me just say to all of you, I thank you very much for your testimony, more than that just for your strong work in conservation. But like Senator Chambliss said, you know, we have got a lot of competing demands in this farm bill, and our baseline is not good compared to what it was 5 years ago. I wish we had that baseline at a time when more and more demands are going to be made. So there are going to be some real, I think, battles ahead on how that is allocated and where it goes.

So for those who are interested in conservation, you are going to have to battle for every penny and build the constituencies that are

necessary for this. Unless we can get a better allocation somehow—I do not know. We have got—we still do not have our budget numbers, but we are supposed to have this $20 billion reserve fund, which does not mean anything unless you get the money. It is not like they are giving us $20 billion. It is only if we offset it someplace. And good luck on that one under PAYGO rules.

So we do have to—I think we will try to see what we can get from different—the Finance Committee and others. I just do not know what we can get, and it does not look too good.

I do think, however, that as various things array themselves in this bill, I think we have to ask whether or not the money that we have and the pot that we have is being allocated fairly, equitably, and to meet the emerging national interests of this country. So we have to think about that. We have to think where are those big pots of money that we have, whether it is in Title I or wherever, and ask the questions: Is that money going out fairly, equitably, serving a defined national purpose? Or are we just doing things because that is the way we have always done them? And who benefits from that? And we have to be maybe thinking anew about how we allocate all this money out there.

But having said that, I mean, powerful forces are arrayed to make sure that whatever I am getting now I continue to get, or I get more, if you see what I mean.

So those of you who are interested in conservation, I agree, we need to do more in conservation. I think there is a national need. I think there is a national payoff for it. I think it can be coupled with bioenergy where we can begin to produce more energy crops, and at the same time have good conservation. And we can still meet our food and feed needs with our row crops and our storable commodities.

But that is going to require, as I said, the input from all of you and to make sure that we continue to hear from you as this farm bill is developed. When we did the Conservation Title in the 2002 farm bill, we had support. I am not saying we did not have support. But I remember it well. I sat in this chair at that time, and I remember the battles, not only in this Committee but on the floor and in conference. What we wound up with is not what we started with, and even with that big increase.

But I just, again, urge you and through your associations and other things to make sure you build the constituency so that people here in the Senate and in the House know that, as I said in 2002 and I keep saying, conservation ought to be viewed as a commodity, ought to be treated the same as a commodity. That is why the CSP program is an uncapped entitlement program, just like every commodity program. Treat it like a commodity. It has an inherent value. It defines—within it, encompasses national security and the well-being of the people of this country. So it ought to be viewed not just as a stepchild of agriculture but as something integral to all of our programs. So I hope that you will continue to give us the benefit of your input on this.

I have no more questions. With that, I thank you all very much, and the Committee will stand adjourned until May the 9th.

[Whereupon, at 4 p.m., the Committee was adjourned.]

APPENDIX

MAY 1, 2007

Senate Committee on Agriculture,
Nutrition, and Forestry

May 1, 2007

Statement of Senator Thad Cochran

Mr. Chairman, I want to thank you for holding this hearing. I welcome the panelists testifying today to the Committee. I especially welcome my colleague from Maryland, Senator Cardin, and Governor Doyle of Wisconsin for testifying on the importance of conservation policy in the farm bill.

America's family farmers and ranchers are the best stewards of the land. The farm bill conservation title contains programs that provide assistance for landowners to properly utilize soil and water resources. It is critical that Congress continue to provide the proper incentives for working lands and streamline the process for producers who apply for these important programs.

I believe an important component of the farm bill is to ensure that young and disadvantaged farmers have access to conservation programs. The current costs of production and the inability to receive adequate financing creates significant challenges for beginning farmers. Providing these farmers with additional assistance through conservation programs will allow for a more stable income.

I do have concern over some conservation title proposals that call for moving several different conservation programs under the umbrella of the Environmental Quality Incentives Program. It is important that Congress streamline conservation programs and reduce the duplication of resources among programs. However, the goals of these conservation programs are often different. It is vital that these goals not be lost if specific programs are combined into one program.

The Wetlands Reserve Program has taken 1,750,000 acres of marginal croplands out of production and converted to more beneficial uses of enhanced flood protection, carbon sequestration, improved water quality, and wildlife habitat. Many of these acres are located in the Lower Mississippi River Flyway, the Nation's largest waterfowl flyway for wintering habitat.

Last year, the Natural Resource Conservation Service adjusted the method it uses to appraise land for consideration under the Wetlands Reserve Program. As a result of this change no Wetlands Reserve Program contracts were accepted in Mississippi last year. It is my understanding this change has shifted acres away from important migratory flyways to areas with significantly higher appraisal value. I would like to work with the Committee to find a solution that would ensure this important program is implemented the way Congress intended.

I thank the panelists and look forward to your testimony.

Senator Mike Crapo
Conservation Policy Recommendations for the Farm Bill Hearing
Senate Agriculture, Nutrition and Forestry Committee
May 1, 2007

Mr. Chairman, thank you for the opportunity to share a few words. Also, thank you to the witnesses for being here with us today to discuss conservation policy recommendations for the Farm Bill.

It can not be over emphasized that the conservation programs not only benefit participating producers, landowners, and their families, but the programs also benefit society as a whole. We all benefit from a cleaner environment, improved water and air quality, and preserved and enhanced habitat for all species. Additionally, future generations are helped by us leaving our land, air and water in better condition than we found it.

Recognizing the great strides made for conservation in the 2002 Farm Bill, it is essential to maintain the commitment to conservation in the next Farm Bill. The best way to achieve conservation goals on private land is through cooperation and incentives rather than heavy-handed mandates. That is exactly what Farm Bill conservation programs do.

As we jump into the rewrite of the Farm Bill, I will work to build on the conservation successes of the 2002 Farm Bill by better ensuring that farm bill programs are working with the Endangered Species Act to contribute to maintaining and recovering species, provide necessary incentives for the recovery of species on private lands, remove unintended inhibiters to accessing programs, streamline and ease participation in the programs, properly support the very valuable technical assistance, ensure that the programs are motivating the best practices, better address conservation concerns such as water concerns in the West, and enable better quantification of the benefits of the programs.

As great as the current conservation programs are, there is always room for improvements. I look forward to building upon the foundation set in past farm bills, and again thank everyone for being here to contribute to the valuable dialogue.

Thank you for the opportunity to share my thoughts.

SENATOR BENJAMIN L. CARDIN (D-MD)
COMMITTEE ON AGRICULTURE, NUTRITION, & FORESTRY
HEARING ON
CONSERVATION POLICY RECOMMENDATIONS
FOR THE FARM BILL
Tuesday, May 1, 2007
2:00 p.m.

Chairman Harkin, Ranking Member Chambliss, and members of the Committee, thank you for the opportunity to appear at today's hearing to present comments on the USDA conservation programs now under review as you consider conservation policy recommendations for the 2007 Farm Bill.

This bill is vitally important to the nation and to Maryland. Federal farm support, food assistance, agricultural trade, marketing, and rural development policies are all covered under the Farm Bill.

Agriculture is Maryland's largest industry. The state's 12,100 farms cover more than 2 million acres and produced $1.3 billion of agricultural products. I now have the privilege of representing the entire State of Maryland, which means that I represent those 12,100 farms and the people who operate them.

But the reason that I asked to come before the Committee today is not limited to the importance of agriculture to Maryland.

The Chesapeake Bay is America's largest estuary. The watershed covers 64,000 square miles. The Bay and its tidal rivers have more shoreline than the entire western coast of the United States. The Chesapeake is central to the economy, history, culture and social fabric of my state and this entire region. The capital cities of Pennsylvania, Maryland and Virginia sit along major tributaries of the Chesapeake, as does this, the Nation's Capital.

All of us recognize that the health Chesapeake Bay is at risk. Every summer we see low oxygen "dead zones" and historically low numbers of blue crabs and native oysters.

In response to this challenge, the Bay states have adopted the most comprehensive watershed cleanup strategy in the nation. More than 450 wastewater treatment facilities are being required by federally enforceable permits to cut their nitrogen and phosphorus discharges substantially. The Maryland legislature just passed a law that will require the removal of all phosphorus from dishwashing soaps, just as it had earlier eliminated this pollutant from laundry detergent. Scotts, the nation's largest lawn care company, has signed an agreement with the Bay states that the company will cut the amount of phosphorus in its do-it-yourself lawn fertilizer by 50 percent within two years. Each of the Bay states has adopted nitrogen oxide air pollution control programs that go beyond

federal requirements. Those programs translate into less nitrogen deposition into Bay waters where it fuels harmful algal blooms.

I mention all these non-agricultural initiatives because it is vitally important that we ask all segments of society and all sectors of the economy to contribute their fair share in the effort to restore the Bay.

Wastewater treatment plants, atmospheric deposition of reactive nitrogen, and stormwater runoff from our suburban and urban lawns are all major sources of the excess nitrogen and phosphorus pollution that are harming the Chesapeake. The Bay states and the federal government have plans to address those pollution loads, and all those sectors need to do even more to reduce their pollution loads to the Bay.

But one of the single largest sources of excess nitrogen, phosphorus and sediment into the Bay is agriculture.

The USDA's conservation programs are critically important to both sustaining agriculture and simultaneously minimizing its impact on the water resources of the basin. Chesapeake Bay watershed farmers have made extensive use of existing conservation programs and support their expansion under the 2007 Farm Bill.

The reliance upon existing conservation programs and the desire for their expansion, particularly in terms of funding level support, may not be unique to the Bay region, but it is nonetheless uniquely critical to the success of its restoration strategy. That need for expansion is matched by an unmet demand that already exists from USDA's customer base in the region under existing programmatic scope and funding levels.

As you begin to craft the conservation title of the next Farm Bill, I ask you to give the farmers of the Chesapeake region the tools they need to be successful... both in the marketplace and as stewards of this national treasure, the Chesapeake Bay.

Specifically, I ask you to:

- ✓ Double funding for the Environmental Quality Incentives Program (EQIP) and other working lands programs, and reserve a percentage of the funds for states that demonstrate a high level of performance with these programs. Remove acreage criteria from allocation formulas for financial assistance.

- ✓ Establish an EQIP-type program to support non-industrial private forest owners in their installation of BMPs and incorporate the Watershed Forestry Assistance programs established under the Healthy Forest Restoration Act of 2003 into the Forestry Title of the Farm Bill.

- ✓ Expand funding for Conservation Innovation Grants to $100 million nationwide.

- ✓ Support the creation of a national $200 million/year Regional Water Enhancement Program to target and leverage funding in states, including the Chesapeake Bay states, with the greatest potential for meaningful and measured water quality improvement.

- ✓ Expand Conservation Security Program (CSP) availability to all eligible farmers, nationwide. If this is not possible, expand the program eligibility to encourage farming efforts that address water quality impairments. CSP should be made available in areas such as the Chesapeake Bay, to all farmers who meet the required high levels of environmental performance.

- ✓ Expand Technical Assistance nationwide, both pre- and post-application process, and establish a comprehensive technical assistance demonstration program in the Chesapeake Bay to determine the potential outcome of enhanced technical assistance, outreach and education at levels to match need.

- ✓ Provide $300 million annually for the Farm and Ranchland Protection Program, with block grants to states with well-established conservation easement programs.

- ✓ Reauthorize programs such as Conservation Reserve Enhancement Program (CREP) and the Wetlands Reserve Program (WRP), with increased focus on partial versus whole field, to increase focus on riparian and floodplain areas and measurable environmental improvement. Allow targeted, well-managed harvesting of cellulosic biomass from Conservation Reserve Program (CRP) lands for the purpose of generating energy while protecting water quality.

- ✓ Ensure a diversified national energy portfolio that includes the use of animal manure and cellulosic biomass to promote farm viability and protects both our air and water resources.

The needs in the Chesapeake watershed are great, but we have farmers with a track record of supporting every conservation program that government has made available to them. We owe it to our farmers, and we owe it to the Chesapeake.

Thank you for your time, and I would be happy to answer any questions.

-xxx-

JIM DOYLE
GOVERNOR
STATE OF WISCONSIN

Testimony of Governor Jim Doyle
Hearing on USDA Farm Bill Conservation Programs
United States Senate Committee on Agriculture
May 1, 2007

Mr. Chairman, Senator Chambliss, and Members of the Committee, thank you for the opportunity to discuss the conservation title of the farm bill. I am Jim Doyle, Governor of the State of Wisconsin, and chairman of the Midwestern Governor's Association. The MGA has advanced a full slate of Farm Bill recommendations and policy objectives which I will share with committee members.

The current members of the Midwestern Governors Association include: myself, Gov. Rod Blagojevich (IL), Gov. Mitch Daniels (IN), Gov. Chet Culver (IA), Gov. Kathleen Sebelius (KS), Gov. Jennifer Granholm (MI), Gov. Tim Pawlenty (MN), Gov. Matt Blunt (MO), Gov. Dave Heineman (NE), Gov. John Hoeven (ND), and Gov. Ted Strickland (OH) and Gov. Mike Rounds (SD).

I'd specifically like to thank Minnesota Governor Tim Pawlenty, the immediate past Chair of the Midwestern Governors Association, for his work on organizing the MGA's recommendations for the farm bill last year.

I have worked closely with my colleagues in the MGA to identify three priority areas to address during my term as Chairman. Those priorities are energy independence and addressing global warming through the use of biofuels and other renewable energy sources; increasing our region's trade potential and reaping the economic opportunities that come with it; and reauthorizing the Farm Bill.

Creating a Farm Bill that strengthens Wisconsin's ability and the ability of the region to pursue new energy technologies from agriculture and forest products, protects our working agricultural and forest lands, provides nutrition to our families, and supports rural development is vital not only to the strength of the state and the region, but to the strength of the nation.

The farm bill shapes the future of agriculture. We see too few new farmers and ranchers carrying on the tradition of working our land. That means we must make sure that these businesses remain profitable. We must allow producers to make a living while providing for our nation and the world.

Today, I have been asked by the committee to focus my remarks on the Conservation Title of the Farm Bill. As the former Wisconsin Attorney General, I recognize that the conservation title of the farm bill is one of our nation's most important sections of

P.O. BOX 7863, MADISON, WISCONSIN 53707-7863 • (608) 266-1212 • FAX: (608) 267-8983
WWW.WISGOV.STATE.WI.US

environmental law. Our farmers and ranchers use this law as the guidepost for taking care of half of the nation's land.

I must start by asking – if more than half of America's land is managed by farmers – why three out of four farmers get rejected when they seek USDA conservation assistance. In Wisconsin, more than one-third of conservation assistance requests in 2004 were not funded, according to the Natural Resource Conservation Service.

I also must ask why current federal farm policies do little to reward farmers who share the cost of ensuring clean air, clean water, sufficient wildlife habitat, and a stable climate.

A new Farm Bill should respond to these questions and better recognize the important role played by state government. Increased funding of state-federal conservation partnerships isn't just a good idea; it may be absolutely necessary for future farm policy.

States historically have been partners with the federal government, experimenting with innovative strategies aimed at moving government policies forward. It is this model of partnership that should guide us as we move farm conservation polices forward in the next Farm Bill.

In Wisconsin we have an amazing history and incredibly deep Conservation Legacy. As the home to **Aldo Leopold**, a visionary writer and philosopher, **John Muir**, the founder of the Sierra Club and former **U.S. Senator Gaylord Nelson**, the father of Earth Day and champion of landmark laws including the Wilderness act, National Wild and Scenic Rivers Act, and National Environmental Education Act, we have long recognized that we are blessed with abundant natural resources. We know that we must be good stewards of the land and those resources. And we absolutely must make sure that these lands are preserved for future generations.

I encourage USDA to support giving states more flexibility to use environmental stewardship funds in a manner that builds on state farm conservation efforts. In Wisconsin we are leading the way through a number of efforts:

- The Wisconsin Agricultural Stewardship Initiative (WASI) is helping researchers find science-based answers that promote farm profitability while protecting the environment and food supply.
- For the first time ever, Wisconsin will invest more than $1 million in cost sharing over the next two years for farmers to do nutrient management planning.
- Wisconsin is leading a Conservation Innovation Grant (CIG) project that will evaluate best management practices to control odor levels and air emissions on dairy and livestock operations. This is exactly the kind of project the federal government should promote. However, the grant process was very competitive, with about 175 project proposals submitted from entities in 48 states. Besides Wisconsin, NRCS selected 53 other projects to receive more than $19 million in funding. With increased funding, states could do more of this kind of research and experimentation to test new policy ideas locally that may one day be ready for broad national or regional implementation.

Conservation programs are important to agriculture and timber producers – as well as the public – in order to satisfy new environmental management practices that will only increase in the future.

Mr. Chairman and committee members you recognize that the Midwestern states have long been the Corn Belt of the U.S. Now, these same states are emerging as the nation's Biobelt – leading our nation to greater energy independence through renewable energy resources. We started by turning corn into ethanol, expanded into turning soybeans into bio diesel, and now we are working to tap the potential of biomass feed stocks and cellulosic energy.

Farmers are the backbone of our country and their states. They are proud of who they are (especially when it comes to college football) and of what they do with their land. If in this bill we provide them with the tools they need, they will provide our country with homegrown renewable energy that's good for our national security and our environment.

To succeed in this effort, I encourage Congress to direct the U.S. Department of Agriculture to explore new methods to promote managed and sustainable biomass harvest on lands enrolled in conservation programs such as the Conservation Reserve Program.

Furthermore, the USDA should explore ways to properly manage biomass removal from lands under active agricultural and timber production to ensure proper residue and nutrient management.

These new initiatives will be consistent with existing conservation programs, but will inspire valuable new opportunities for farmers in Wisconsin and across the country.

The conservation of soil, water and wildlife resources provide important public benefits for millions of people, both rural and urban residents, throughout the Midwest and the nation. The Midwestern Governors are dedicated to protecting and improving the quality and quantity of the water in the Great Lakes and the region's inland waterway system, while maintaining the economic vitality of the agricultural landscapes within their boundaries.

In order to achieve our objectives we all share, we must preserve a strong and stably funded conservation title. Conservation programs for priority-working-lands should be mandatory spending provisions. Increased funding is needed since many applicants are rejected due to over-subscription of conservation programs.

We must continue and expand efforts that focus on conservation programs which promote agricultural production and environmental protection. These efforts should focus on addressing priority environmental concerns while improving active farmer and rancher income in programs such as:

- Conservation Reserve Enhancement Program (CREP),
- Environmental Quality Incentives Program (EQIP),
- Wetlands Reserve Program (WRP).

In Wisconsin, CREP is currently authorized for 100,000 acres and brings in payments of $40 million annually to Wisconsin landowners. We support expanding the national acreage cap to 40 million acres to allow enrollment of additional lands under both the Conservation Reserve Program (CRP) and CREP.

We must continue the commitment to EQIP to cost-share projects that assist producers in addressing regulatory and compliance-related challenges. Furthermore, working lands conservation programs that mutually benefit priority resource concerns and livestock producers should remain a focus of Congress and the USDA. In particular, EQIP should continue to maintain a livestock focus, with targeted priority cost-share practices such as fencing and feedlot improvement. Furthermore, programs such as the Conservation Security Program (CSP) and the Grasslands Reserve Program (GRP) should be examined to provide future benefits to livestock producers.

I would urge increased funding for EQIP nationally to allow an increase in participation by eligible landowners and reduce waiting lists. Increased funding is also needed to address the conservation impact of increased corn production to meet the demands for ethanol production.

I also recommend expanding opportunities for forestland and forest management practices to qualify for EQIP benefits.

The Midwestern Governors also call for implementing recommendations identified by the Government Accountability Office report "USDA Should Improve Its Process for Allocating Funds to States for the Environmental Quality Incentives Program."

In addition, the Farm Bill should reauthorize and refine targeted land retirement programs such as CRP and WRP.

The WRP is a voluntary program for private landowners to protect and restore wetlands and remove marginal croplands from production. WRP lands improve water quality and quantity, reduce flood damage and improve wildlife habitat. Many landowners who wish to participate in the WRP are turned down because of a lack of available funds. Allocation for Wisconsin has approached $10 million annually.

We encourage Congress to work with the USDA to better target new lands into the program that provide high-priority benefits such as water quality and wetland improvements. We support a 40-million-acre cap on CRP and enrollment of up to 250,000 acres per year in WRP.

We must also move toward developing additional state and federal partnerships for land retirement programs, such as CREP, that address specific resource needs within specific watersheds.

States should be provided with a reasonable level of flexibility in implementation of conservation programs to meet local and regional environmental challenges. In particular, states need greater flexibility to implement programs such as CSP, CRP and EQIP.

Congress should examine streamlining the funding delivery of conservation technical assistance, conservation operations, and mandatory program technical assistance.

P.O. Box 7863, Madison, Wisconsin 53707-7863 • (608) 266-1212 • FAX: (608) 267-8983 •
WWW.WISGOV.STATE.WI.US

The USDA should better partner with state agencies, conservation districts and qualified conservation organizations to aid with the development of conservation plans, field inspections and project designs to avoid duplication of efforts and reduce the workload of USDA personnel. Furthermore, we encourage Congress and the USDA to promote agreements and provide block grants to address specific state conservation needs.

The Midwestern governors also recommend that the Farm Bill:

• Promote whole-farm conservation management by maintaining conservation programs and practices that keep farmers, ranchers and forest landowners on the land.

• Ensure conservation compliance measures are maintained and enforced.

• Maintain conservation priorities toward water quality, soil erosion and wildlife habitat.

• Explore and encourage bio-energy and product initiatives that are mutually beneficial to environmental priorities.

• Define roles and responsibilities (administrative vs. technical for example) between the Farm Service Agency and Natural Resources Conservation Service.

Conclusion

In conclusion, what we're doing in Wisconsin and across the Midwest is a primary example of what can be done across rural America to protect the environment, boost rural communities, and preserve family farms.

Wisconsin's initiatives show why the next Farm Bill should place a greater emphasis on supporting state projects that have national significance. Some new programs may be ready for broad national implementation while others should be implemented by individual state partnerships and pilot programs to allow for innovations to be trialed and solutions to be tailored to meet local needs and opportunities.

The importance of farming goes beyond economics. These conservation priorities will help us pass the baton to the next generation of farm families, who will preserve a way of life that is the backbone of Wisconsin's culture and values.

This testimony draws on the MGA positions on the entire Farm Bill that are contained in the *Midwestern Governors Association Policy Objectives and Recommendations for the Farm Bill – 2007* document, which can also be found at: http://www.midwestgovernors.org/issues/FarmBill2007.pdf.

MGA

Midwestern Governors Association

Policy Objectives and Recommendations for the Farm Bill

2007

Midwestern Governors Association

The Midwestern Governors Association (MGA) is a nonprofit, nonpartisan organization that brings together top state leaders to work cooperatively on significant public policy issues in the Midwest. The purpose of the MGA is to foster regional development, facilitate interstate cooperation, improve intergovernmental relationships, and provide a medium for the exchange of views and experiences on subjects of general importance to the people of the Midwestern states.

THE MIDWESTERN GOVERNORS ARE:

Chair
Tim Pawlenty
Minnesota

Past Chair, 2005
Rod Blagojevich
Illinois

Matt Blunt
Missouri

Chet Culver
Iowa

Mitch Daniels
Indiana

Jim Doyle
Wisconsin

Jennifer Granholm
Michigan

Dave Heineman
Nebraska

Past Chair, 2004
John Hoeven
North Dakota

M. Michael Rounds
South Dakota

Kathleen Sebelius
Kansas

Ted Strickland
Ohio

MGA

Midwestern Governors Association

The Midwestern Governors Association is pleased to present the following policy objectives and recommendations for the 2007 Farm Bill.

My fellow governors, together with their top agricultural policy advisers, developed this document to outline our priorities for our region's agricultural industry. Agriculture plays an important role throughout our nation, and all Americans have a stake in future U.S. agricultural policy. Across the Midwest, agricultural and livestock production and processing are the most important industries in many rural communities.

These policy objectives and recommendations on the 2007 Farm Bill were developed as a starting point to be used in developing and informing the debate as we begin to shape future U.S. agricultural policy. As governors, we play a critical role in implementing federal agricultural, conservation and forestry policy and look forward to positive legislation that will ensure and guide the development of this vital industry.

The governors of the Midwestern Governors Association look forward to working with Congress in accomplishing this goal.

Sincerely,

Tim Pawlenty
Governor of Minnesota, and
Chair, Midwestern Governors Association

Table of Contents

I. Renewable Energy and the Bio-Economy 4

II. Commodities 6

III. Credit 8

IV. Risk Management 8

V. Conservation and the Environment 9

VI. Forestry 10

VII. Agricultural Security 13

VIII. Rural Development 14

IX. Livestock 15

X. Research 17

XI. Trade and Marketing 18

XII. Invasive Species 19

XIII. Food Safety and Nutrition 20

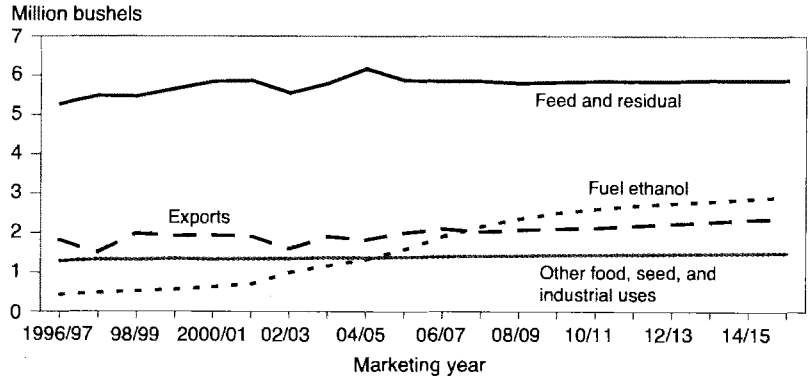
I. Renewable Energy and the Bio-Economy

America is deeply dependent on ample, reliable sources of energy. The Midwest is a key source for renewable energy now and will be in the future. Therefore, the MGA supports aggressive and proactive policies that diminish U.S. reliance on foreign sources of energy.

As energy prices have escalated and our energy needs continue to grow, we must focus on conserving, developing and expanding domestic sources of energy that are both clean and affordable. Therefore, the promotion and development of renewable energy, while protecting our natural resources, should be a new priority embedded within federal farm policy.

American agriculture has the ability to move us closer to our goal of curtailing our dependence on foreign oil and developing domestic sources of energy. While great strides have been made to utilize agriculture and natural resources as sources of renewable energy, additional efforts must take place to develop and enhance these resources.

USDA's Baseline Projections suggest that corn use by ethanol producers will grow much faster than corn use by other industries

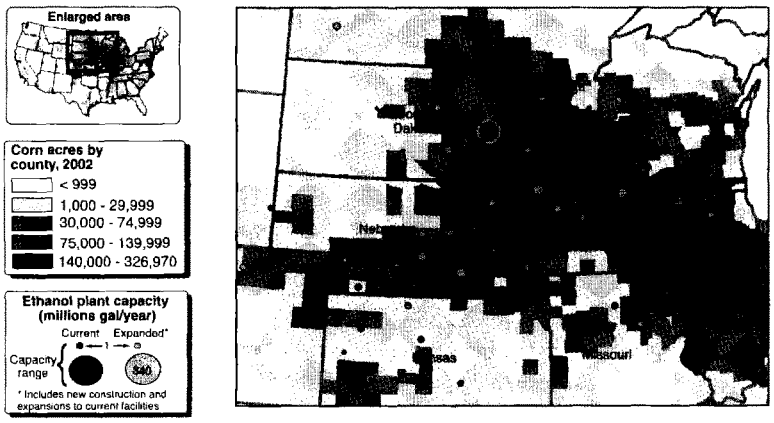


Note: Feed and residual corn use is calculated by subtracting the other three categories plus ending stocks from total supply. Thus, the term "residual" refers to a statistical residual.
Source: *USDA Agricultural Baseline Projections to 2015.*

The Midwestern governors support:

- The U.S. Congress embracing the concept of a nationwide Renewable Energy Standard such as 25 percent of our energy being derived from renewable sources by the year 2025.
- A national focus on new and emerging technologies that will pave the way for widespread and commercially-viable systems (production, distribution and usage) encompassing:
    - Cellulosic ethanol (grasses and forest products);
    - Biodiesel;
    - Hydrogen via ethanol and/or wind connection;
    - Electricity via wind and digestion technologies; and
    - Bio-refining for bio-based products with Congress providing adequate and corresponding funding for research and incentives.
- The improvement of nationally and internationally accepted standards for the production and use of renewable fuels such as ethanol and biodiesel.
- Increased support of energy conservation in agricultural programs.
- Expanded funding for the Commodity Credit Corporation Bioenergy Program, with project funding focused on the next generation of renewable energy projects.
- The U.S. Congress directing the U.S. Department of Agriculture to explore provisions within existing and new conservation programs, consistent with their objectives that promote managed biomass harvest on lands enrolled in conservation programs such as the Conservation Reserve Program. Furthermore, the USDA should explore ways to properly manage biomass removal from lands under active agricultural production to ensure proper residue and nutrient management.
- The U.S. Congress closely examines federal regulations to ensure they are not inadvertently stifling renewable energy production.

The U.S. ethanol sector is adding over 2 billion gallons to its capacity



Sources: 2002 Census of Agriculture; Renewable Fuels Association and other industry sources.

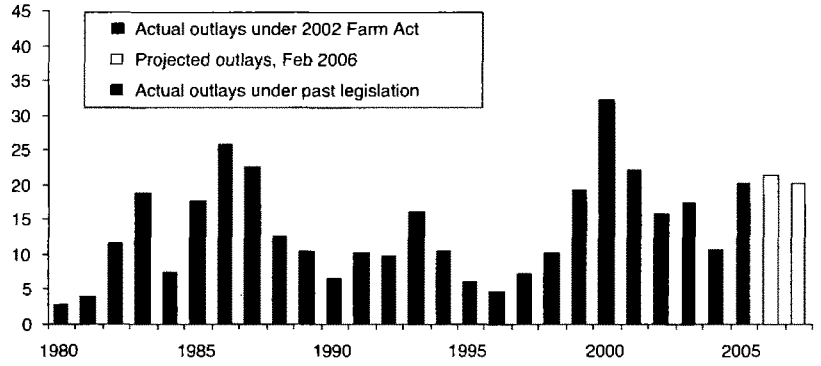
II. Commodities

The commodity title of the 2002 Farm Bill accomplished several of its intended objectives, especially in terms of building a stronger economic safety net against market downturns. In other words, the structure of the commodity title functioned as its authors intended: to deliver supplemental payments to program crop growers when prices dipped below set levels, primarily via loan deficiency and countercyclical payments.

In the early years of the 2002 Farm Bill, market prices were relatively high, and led to commodity title costs that were significantly lower than expected outlays (approximately $17.62 billion from 2002-2004). However, when market prices started downward in recent years, government outlays increased significantly.

For those producers who grow program crops, the commodity title of the 2002 Farm Bill is very popular. We recognize that most program crop growers would support the same principles and funding levels being extended into the next Farm Bill. While the Midwestern governors are cognizant of the popularity of the current commodity title, we encourage Congress to re-examine all provisions of the commodity title.

Commodity Credit Corporation (CCC) net outlays*



* The Commodity Credit Corporation (CCC) is a Federally owned and operated corporation within the U.S. Department of Agriculture created to stabilize, support, and protect farm income and prices through loans, purchases, payments, and other operations. All money transactions for agricultural price and income support and related programs are handled through the CCC.

Source: USDA, CCC Budget, February 2006.

The Midwestern governors support:

- Maintaining the existing basic structure of the commodity support system (direct payments, loan rates and countercyclical payments), but recognize that incremental shifts and corresponding payment reductions may be necessary due to World Trade Organization commitments and/or new priorities in areas such as renewable energy, conservation and/or rural development.
- Maintaining existing planting flexibility. Furthermore, Congress should eliminate penalties for producers who choose to plant fruit and vegetables on program acres. While we recognize the sensitivity of equity and competitiveness, Midwestern fruit and vegetable growers are growing products for canning markets that do not directly compete with fresh produce markets.
- Funding state partnership grants to promote specialty crops.
- Extending Milk Income Loss Contract payments.
- Efforts in Congress to closely examine the findings and recommendations of the Payment Limits Commission, which was authorized within the 2002 Farm Bill. Furthermore, Congress should examine reforming the three-entity rule by tracking all payments by Social Security number.

III. Credit

The barriers to entry in agriculture are substantial and can serve as a deterrent to young people interested in such a career. Because the average age of principal farm operators is 55, it is important to give adequate support to the next generation of farmers. This support will help the United States maintain its competitive edge in agricultural production and to ensure the industry's successful transition to the next generation.

Agriculture requires a credit industry of highly trained management professionals to serve its needs in an increasingly competitive environment. Rising input costs such as fuel and fertilizer, coupled with uncertainties surrounding commodity support programs and subsequent decision making by the WTO, could increase the risk associated with agricultural lending. Access to credit will be the fuel that drives the industry's future and will continue to determine its viability.

The Midwestern governors support:

- Expanding young and beginning farmer and rancher loan programs. Congress should re-examine all Farm Service Agency loan programs to ensure that they meet the needs of young and beginning farmers and ranchers, and that certain eligibility restrictions do not arbitrarily disqualify applicants.
- Expanding agricultural bonds and loan limits.
- Examining linked deposit loan programs to ensure applicability to present-day market conditions.

IV. Risk Management

While the commodity title has been successful in delivering payments to producers when market prices turn downward, it has become apparent that commodity programs do not offer needed assistance when farmers and ranchers are subject to weather-related disasters. While many farmers and ranchers have expanded their use of risk management tools, such as traditional crop insurance and contracting, there is a need to offer additional tools.

The Midwestern governors support:

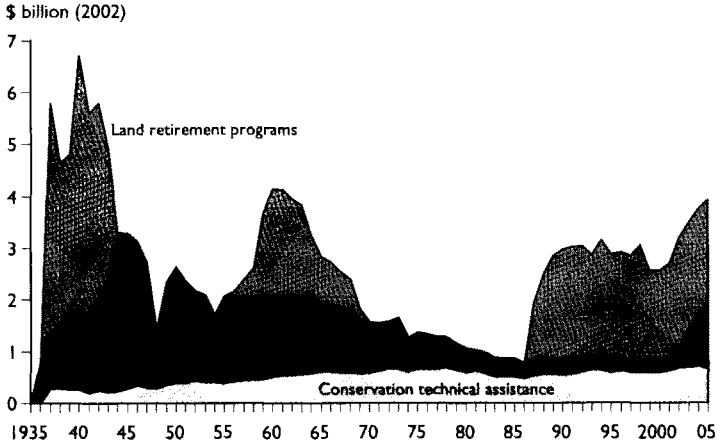
- Authorizing and implementing a permanent and predictable disaster assistance program, with well-constructed eligibility criteria, within the Farm Bill.

- Continuing the practice of updating average per-acre yields.
- Authorizing tax-deferred farm and ranch savings accounts.
- Expanding the availability of revenue-based, whole-farm insurance products, which would apply to all types of farms and ranches. Particular emphasis should be placed on improving livestock-related revenue insurance products.
- Expanding requirements for farmers and ranchers to purchase insurance products in order to be eligible for other types of government support such as disaster assistance.
- Expanding programs and exploring new opportunities aimed at educating farmers and ranchers about risk management strategies.

V. Conservation and the Environment

The MGA recognizes that the conservation of soil, water and wildlife resources provide important public benefits for millions of people, both rural and urban residents, throughout the region. The states represented in the MGA are dedicated to protecting and improving the quality and quantity of the water in the Great Lakes and the region's inland waterway system, while maintaining the economic vitality of the agricultural landscapes within their boundaries.

USDA expenditures on major agricultural conservation programs, 1935-2005



Source: Prepared by USDA, Economic Research Service using data from USDA's Office of Budget and Program Analysis and other sources of historical data.

The Midwestern governors support:

- Preserving a strong and stably funded conservation title. Conservation programs for priority-working-lands should be mandatory spending via the Commodity Credit Corporation (CCC). Since many interested applicants are rejected due to over-subscription of conservation programs, increased funding is warranted.
- Continuing efforts that focus on conservation programs that promote agricultural production and environmental protection. These efforts should focus on addressing priority environmental concerns while improving active farmer and rancher income. Priority-working-lands programs should continue the concepts imbedded within current programs such as:
    - Conservation Security Program (CSP),
    - Environmental Quality Incentives Program (EQIP),
    - Continuous Conservation Reserve Program (CCRP),
    - Grasslands Reserve Program (GRP),
    - Wildlife Habitat Incentive Program (WHIP),
    - Farm and Ranchland Protection Program (FRPP).
- Continuing the commitment to EQIP to cost-share projects that assist producers in addressing regulatory and compliance-related challenges. Furthermore, working lands conservation programs that mutually benefit priority resource concerns and livestock producers should remain a focus of Congress and the USDA. In particular, EQIP should continue to maintain a livestock focus, with targeted priority cost-share practices such as fencing and feedlot improvement. Furthermore, programs such as the CSP and GRP should be examined to provide future benefits to livestock producers.
- Implementing recommendations identified by the Government Accountability Office report "USDA Should Improve Its Process for Allocating Funds to States for the Environmental Quality Incentives Program."
- Reauthorizing and refining targeted land retirement programs such as the CRP and Wetlands Reserve Program (WRP). We encourage Congress to work with the USDA to better target new lands into the program that provide high-priority benefits such as water quality and wetland improvements. We support a 40-million-acre cap on CRP and enrollment of up to 250,000 acres per year in WRP.
- Developing additional state and federal partnerships for land retirement

programs, such as the Conservation Reserve Enhancement Program (CREP), that address specific resource needs within specific watersheds.

- Providing states with a reasonable level of flexibility in implementation of conservation programs to meet local and regional environmental challenges. In particular, states need greater flexibility to implement programs such as CSP, CRP and EQIP.
- Improving funding and coordination of technical support to ensure that maximum environmental benefits are achieved. Congress should examine streamlining the funding delivery of conservation technical assistance, conservation operations, and mandatory program technical assistance. The USDA should better partner with state agencies, conservation districts and qualified conservation organizations to aid with the development of conservation plans, field inspections and project designs to avoid duplication of efforts and reduce the workload of USDA personnel. Furthermore, we encourage Congress and the USDA to promote agreements and provide block grants to address specific state conservation needs.

The Midwestern governors also recommend that the Farm Bill:

- Promote whole-farm conservation management by maintaining conservation programs and practices that keep farmers, ranchers and forest landowners on the land.
- Ensure conservation compliance measures are maintained and enforced.
- Maintain conservation priorities toward water quality, soil erosion and wildlife habitat.
- Explore and encourage bio-energy and product initiatives that are mutually beneficial to environmental priorities.
- Define roles and responsibilities (administrative vs. technical for example) between the Farm Service Agency and Natural Resources Conservation Service.

VI. Forestry

In the Midwest, the economic and social health of our rural communities, as well as the quality of our life for adjacent urban-suburban dwellers, is connected to the vitality and maintenance of our forests. When managed properly, our forests provide society with a broad variety of benefits, including

clean drinking water, clean air, carbon sequestration, recreational opportunities, wildlife habitat, timber products, biomass for renewable energy and aesthetic qualities.

Government- and privately owned forests in the Midwest are at risk, primarily due to forest fragmentation, population growth, invasive species, and economic pressures influencing traditional wood and pulp markets. Furthermore, oak stands are declining at an alarming rate and could be virtually nonexistent by the end of this century.

The support and development of new technologies, such as utilizing forest biomass for cellulosic, ethanol and biomass-based liquid fuels (biodiesel) would not only improve our forests' health and reduce wildfire danger, but would also diminish our dependence on foreign sources of energy and provide an additional revenue stream for the pulp industry and related forest industries.

The Midwestern governors support:

- Congress examining how the USDA can better assist private owners of forestland via complementary provisions within the conservation and forest titles. Traditional agricultural conservation programs such as EQIP and WHIP should be examined to see how they could be mutually beneficial to forest health. We also encourage state foresters and state conservationists, working together through the state technical committees, to improve opportunities for forestry in the conservation programs.
- Continuing efforts that ensure forests of all ownerships are protected from the ravages of wildfire and destructive organisms. Development in fire-prone areas and the increasing rate of the introduction and spread of invasive species are escalating the loss of forest values.
- Focusing USDA efforts on maintaining blocks of working and managed forestlands. Conservation easements have been an effective tool.
- Providing adequate technical assistance to private forest landowners to develop long-term management plans. The USDA should primarily look to state foresters who may use new partnerships, collaboration and innovative approaches to deliver these services.
- Maintaining initiatives such as the Watershed Forestry Assistance Program, which ties program delivery to selected watersheds, making it one of the most effective methods of ensuring landscape-scale results.
- Utilizing targeted implementation of programs and technical assistance by encouraging states to set priorities in concert with federal priority

guidance. Although flexibility in program delivery is important for targeting actions to state-specific issues, states should be held accountable and asked to show performance measures and results.

- Incorporating the utilization of forest biomass for energy (cellulosic ethanol, bio-diesel) into the Farm Bill in order to spur development of the necessary infrastructure.
- Examining how the federal government could use credits or other economic pathways to encourage the private sector economy to invest in the ecosystem services (clean air, clean water, and carbon sequestration for example) provided by private landowners.

VII. Agricultural Security

The United States has over a million farms that cover more than 1 billion acres. In the Midwest alone, agriculture employs 15 percent of the workforce and contributes billions of dollars to the region's economy. The region's agriculture and food system is an extensive, open, interconnected, diverse and complex structure. This structure is vulnerable to disease, pests or poisonous agents that occur naturally or are delivered by acts of terrorism.

Depending on the agent, an act of agro-terrorism or other agricultural emergency could have a widespread ripple effect throughout the nation's economy, affecting not only farmers and those dependent on the farm community but also our transportation network, international trade and food supply industries. Food safety is the joint responsibility of federal, state and local governments and the private sector, with each playing an integral role in detecting, deterring and responding to threats to agriculture; however, in the case of an agriculture emergency, state and local officials would be the first responders.

The Midwestern governors support:

- Strengthening collaboration between USDA, the Department of Homeland Security (DHS) and the Department of Health and Human Services (HHS) as well as asking Congress to require these agencies to report on how they will cooperate on both federal and state levels.
- Encouraging Congress and the executive branch to recognize food and agriculture as a critical infrastructure that, if disrupted, impacts every sector of the U.S. economy. Congress, DHS, and USDA must provide the tools and resources that state and local governments, and the private

sector, need to adequately address preparedness for a catastrophic disaster in this vital infrastructure through planning and the development of adequate response measures.

- Requiring intergovernmental and interstate cooperation in planning and preparedness efforts.
- Using multi-state organizations in responding to emergencies and encourage funding of the Midwest Multi-State Partnership.
- Funding for veterinarian positions in state, public health, emergency management and National Guard departments.

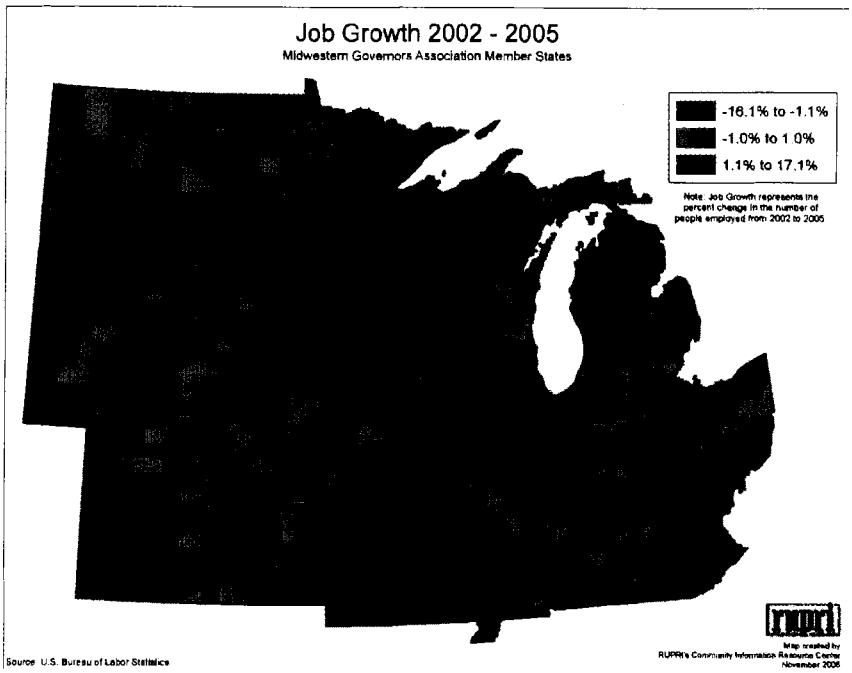
VIII. Rural Development

According to information recently published by the USDA, non-metropolitan populations grew by more than 10 percent in the last decade. Forty-nine million Americans reside in non-metro areas. Since 2000, 78 percent of agriculture-dependent counties lost population. The primary reason for this drastic population decline is the lack of quality job opportunities in rural areas.

If quality jobs are to be created, there must be adequate support for building rural infrastructure and fostering value-added business opportunities, such as bio-energy production, which provide an avenue for rural revitalization and job opportunities for local residents.

The Midwestern governors support:

- Making the improvement of rural infrastructure and quality of life a top priority of Congress. USDA rural development programs designed to provide needed water, wastewater, energy and communications infrastructure improvements have been highly effective and should be continued. Equally important is the USDA's focus on housing and expansion of telecommunications services.
- Extending the Value-Added Producer Grant Program and the Value-Added Development Act for American Agriculture.
- Reforming 1031 tax exchange laws to allow proceeds from real property sales to be invested in an agribusiness enterprise. The change could be an effective tool in providing value-added entities with needed capital investment.

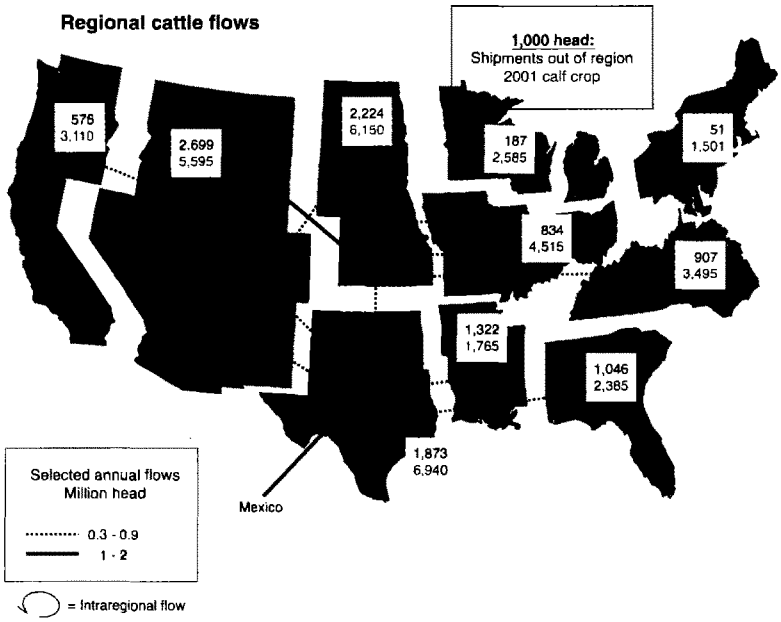


IX. LIVESTOCK

Animal agriculture is a major economic driver in Midwestern states. It accounts for billions of dollars in economic activity in the Midwest. Livestock is the original value-added agriculture and is a primary market for Midwestern crops and forages. Accordingly, Congress should examine ways to sustain and grow a healthy and vibrant livestock sector within the Midwest.

The Midwestern governors support:

- Continuing efforts to build a uniform and understandable animal identification system that promotes the protection of animal health across the nation and provides opportunities for market-driven incentives. If the primary responsibility for these efforts is to reside with the states, Congress should provide adequate funding support.
- Implementing value-added labeling. Considering the controversial nature of implementing mandatory country-of-origin labeling, Congress should examine ways to promote and provide incentives to livestock producers



Source: State certificate data (generally 2001) compiled by Economic Research Service, USDA.

and partnered processors to add value to their products via accredited certification. Improved marketing opportunities will arise from improved certification programs. One potential strategy would be for Congress to provide partnership grants for states to work with their local livestock and processing sectors. An example of this type of effort could be modeled after the South Dakota Certified Beef Program.

- Expanding interstate marketing opportunities. One opportunity for Congress to address this would be to repeal policies that preclude federally approved, state-inspected meat and poultry products from being marketed between states.

- Increasing and dedicating funding for disease surveillance, eradication, indemnity and disposal. Livestock disease outbreaks can be catastrophic to individual producers. It is apparent that Midwestern livestock producers will continue to confront a variety of issues such as avian influenza, bovine tuberculosis, porcine pseudo-rabies and Johnes disease in dairy herds. Therefore, it is critical that Congress provide the USDA with adequate funds to test and remove animals from herds and provide producers with reasonable indemnity payments. Furthermore, it is critical that Congress provides adequate funding to control diseases in wild animal populations, which many times infect domestic livestock. Lastly,

further efforts are needed to promote proper on-farm disposal/composting of animals in normal and emergency scenarios.

- Promoting all efforts toward improving price discovery for producers. Congress should consider mandatory price reporting, reliable and accurate voluntary price reporting, and/or state price reporting efforts.
- Reauthorizing provisions that provide conrract producers the right to discuss the terms of their contracts with legal advisers, lenders, accountants, landlords, and/or family members. Congress should consider expanding this section to provide contract producers the right to arbitrate and/or mediate any disagreements with the other contracted party.

X. Research

Agricultural-related research has been one pillar in the success story of American agriculture over the last century. Due to targeted and applied research, the American farmer and rancher has enjoyed remarkable advances in plant genetics, mechanization, animal health, and less intensive farming techniques, all of which have benefited consumers worldwide.

Despite all the past success stories, production agriculture research must remain a priotity for Congress and the land-grant university system.

The Midwestern governors support:

- Directing agricultural research dollars primarily to "applied" research efforts, with outcomes that directly benefit the American producer and consumer. Public spending needs to demonstrate public benefit.
- Fostering coordination and cooperation on research requests and earmarks among the Midwestern states' congressional delegations.
- Encouraging research to focus on the following areas:
    - Bioenergy and products;
    - Livestock issues (disease treatment and eradication nutrition efforts/rations of dried distillers grains);
    - Nutrient management; and
    - Conservation practice performance.

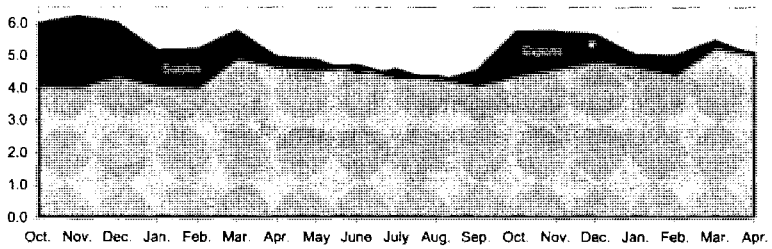
XI. Trade and Marketing

Approximately 96 percent of the world's population lives outside the borders of the United States, and forecasts indicate that number will continue to grow. At the same time, domestic agricultural production has outpaced and will continue to outpace domestic population growth. Furthermore, despite the projected increase in the domestic use of bulk commodities for renewable energy production, international export markets will continue to be a critical component of farm income. Therefore, it is imperative that American farmers and ranchers look outside our borders to sell food and agricultural products.

The Midwestern governors support:

- Amending the U.S. Warehouse Act to clarify that states are not pre-empted in their authority to regulate grain merchandising. Twenty-nine states currently have regulatory authority to provide grain producers with assurances of being able to market and sell grain to licensed, bonded and/or insured buyers. This is the foundation of our regulatory safety net, which assures our grain producers of a financially solvent marketplace to merchandise their grain.
- Completing WTO negotiations and reauthorization of the Trade Promotion Authority.
- Increasing resources and promoting value-added export opportunities. Value-added food exports have grown from about 37 percent of total agricultural exports in 1985 to more than 62 percent in 2005.
- Increasing funding for the Targeted Assistance for Specialty Crops program in the range of $10 million annually. The value of these crops now accounts for 50 percent of all U.S. farm crop cash receipts.

Monthly U.S. agricultural trade, fiscal years 2004 and 2005
Billion dollars



Sources: Economic Research Service, USDA and Census Bureau, U.S. Dept. of Commerce.

- Maintaining or increasing funding for the Foreign Market Development Program and the Market Access Program. Developing export markets for U.S. agricultural products is a very complex and long process. Resources are needed to ensure this process is successful.
- Maintaining the Export Enhancement Program and the Dairy Export Incentive Program until such time as the WTO negotiations require modifications or elimination.
- Providing adequate resources to the Foreign Agricultural Service of the USDA to conduct negotiations, maintain markets and assist exporters.
- Maintaining support for existing U.S. food aid programs (PL 480 and Section 416 donations) and considering some appropriate amount of aid being made in the form of cash when transportation and other delivery logistics of U.S. commodities are not practical.

XII. Invasive Species

In order for the United States to adequately safeguard our nation's agricultural sector against exotic and invasive species, a comprehensive plan must be developed to address an offshore pest information system, effective exclusion mechanisms, and a strong and rapid response to established populations.

The Midwestern governors support:

- Making USDA grants to states in order to manage and control invasive species.
- Creating a dedicated funding source, with fee-based contributions from the private shipping sector (importers, merchandisers, etc.), to detect and manage invasive species transported to the United States via transportation activities. This fund should be administered by the Secretary of Agriculture and appropriated by Congress for only animal and plant exotic pest control.
- Continuing USDA's Animal & Plant Health Inspection Service's (APHIS) effort to control populations of invasive species that result from river transportation.
- Expanding and funding the offshore pest information system to include all major U.S. trading partners.
- Fostering cooperation between DHS-Customs and Border Protection, USDA-APHIS and state departments of agriculture on invasive exclusion

efforts. Exclusion of invasive species must be a higher priority with all units of government, especially DHS. We recommend increasing the current 2 percent inspection rate for cargo by at least five times.

- Funding states to increase their non-port of entry or final destination cargo inspection efforts.
- Reassigning invasive species cargo inspection responsibilities to USDA-APHIS.
- Improving cooperative eradication and management efforts for existing invasive species. Additional funding is needed for both detection (monitoring and survey) and response. Furthermore, states should not be expected to provide cost-sharing access emergency funds through the CCC.

XIII. Food Safety and Nutrition

The United States enjoys one of the safest and most abundant food supplies in the world, thanks to the combined efforts of food regulatory agencies, academic institutions and the food industry itself. However, the food safety chain is only as strong as its weakest link. Continued collaboration and increasing efficiency between federal and state governments are vital to ensuring nutritionally sound and safe foods for future consumers. State agencies are typically the first-responders for food emergencies, and, with federal partnership, they can be the most effective in responding quickly and effectively to accidental or intentional food-related emergencies.

The Midwestern governors support:

- Developing a central national repository for laboratory and epidemiological data gathered by states and the federal government so that information is disseminated to all participants of the food system, from producers to consumers, as well as to regulatory agencies.
- Establishing consistent and clear federal labeling laws while protecting the right of states to effectively enforce state food laws that may be beyond the federal government's abilities to execute.
- Revising the food safety system based on the risk or the hazard associated with a product or in the method with which it is processed, and using the most modern technologies available to determine risks and hazards.
- Establishing an ongoing mechanism for collaboration between federal and

state agencies to identify goals, roles and responsibilities related to food nutrition and safety.

- Developing uniform food standards, laboratory methods and accreditation that more closely match international standards.
- Providing adequate funds to support state and local regulatory agencies in enforcing the Food, Drug and Cosmetic Act; the Meat Products Inspection Act; the Poultry Products Inspection Act; the Environmental Protection Act; and any other federal laws that are enforced by state agencies.
- Developing, in partnership with states, a coordinated educational and training campaign related to food nutrition and safety.

ACKNOWLEDGEMENTS

The Midwestern governors gratefully acknowledge the efforts of those individuals who contributed to the preparation of this document. We especially thank the members of the MGA *Farm Bill Working Group for the time and expertise they devoted to this project.* Minnesota *Deputy Agriculture Commissioner Perry Aasness served as the chair for this group.*

ILLINOIS
Mr. Chuck Hartke
Director, Department of Agriculture

Ms. Kim Janssen
Policy Senior Advisor, Department of Agriculture

Mr. Tom Jennings
Chief of Staff, Department of Agriculture

Ms. Debbie Bruce
Program Support Administrator, Department of Natural Resources

Ms. Gretchen Tucka
Federal Liaison, Department of Natural Resources

INDIANA
Ms. Beth Bechdol
Deputy Director, Department of Agriculture

IOWA
Mr. Lyle Asell
Special Assistant for Agriculture and the Environment,
Iowa Department of Natural Resources

Mr. John Pederson
Legislative Liaison, Office of the Governor

Ms. Liz Christiansen
Deputy Director, Iowa Department of Natural Resources

KANSAS
Mr. Adrian Polansky
Kansas Secretary of Agriculture

Carole Jordon
Legislative and Policy Liaison, Department of Agriculture

MICHIGAN
Ms. Liesl Eichler Clark
Legislative Liaison

MINNESOTA
Mr. Perry Aasness
Deputy Commissioner, Department of Agriculture

Mr. Joe Martin
Assistant Commissioner, Department of Agriculture

MISSOURI
Mr. Daniel Engemann
Special Assistant, Department of Agriculture

Mr. Chris Klenklen
Program Administrator, Department of Agriculture

NEBRASKA
Mr. John Erickson
Policy Advisor, Governor's Policy Research Office

NORTH DAKOTA
Mr. Bill Goetz
Chief of Staff, Governor's Office

Mr. Lance Gaebe
Agriculture Policy Advisor, Governor's Office

OHIO
Mr. Luke Miller
Wildlife Biology Program Administrator,
Ohio Department of Natural Resources

Mr. Cory Noonan
Legislative Liaison, Department of Agriculture

SOUTH DAKOTA
Mr. Bill Even
Deputy Secretary, State Energy Development

Mr. Jason Glodt
Senior Policy Advisor, Office of the Governor

WISCONSIN
Ms. Judy Ziewacz
Deputy Secretary, Department of Agriculture, Trade and Consumer Protection

Mr. Bill Smith
Deputy Secretary, Department of Natural Resources

To learn more about the Midwestern Governors Association and its position on the reauthorization of the farm bill please contact:

Jesse Heier
Hall of States
444 N. Capitol Street, NW
Washington, D.C. 20001
P: 202.624.5460
F: 202.624.5452
Email: jheier@midwesterngovernors.org
www.midwesterngovernors.org

The Midwestern Governors Association receives secretariat services from the Midwestern Office of The Council of State Governments. For more information, contact Ilene Grossman at the CSG Midwest office:

Ilene K. Grossman
CSG Midwest
701 East 22nd Street, Suite 110
Lombard, Illinois 60148
P: 630.925.1922
F: 630.925.1930
Email: igrossman@csg.org
www.csgmidwest.org

National Farmers Union

Testimony of John Hansen

Before the

U.S. Senate

Committee on Agriculture, Nutrition and Forestry

Concerning Conservation Policy Recommendations for the Farm Bill

Tuesday, May 1, 2007
Washington, D.C.

STATEMENT OF JOHN HANSEN

PRESIDENT, NEBRASKA FARMERS UNION

BEFORE THE U.S. SENATE

COMMITTEE ON AGRICULTURE, NUTRITION & FORESTRY

CONCERNING CONSERVATION POLICY RECOMMENDATIONS FOR THE FARM BILL

MAY 1, 2007

Chairman Harkin, Senator Chambliss, and members of the committee, thank you for the opportunity to testify today. My name is John Hansen. I have served as president of the Nebraska Farmers Union since 1990; our state organization was first chartered in 1913 and currently serves 4,500 farm and ranch families. Today, I am here on behalf of National Farmers Union (NFU), our nationwide organization representing family farmers, ranchers, fishermen and rural residents. I am chairman of the NFU Legislative Committee; serve as a member of Nebraska's State Technical committee, Environmental Quality Incentives Program (EQIP) subcommittee, and Wetlands subcommittee. I appreciate the opportunity to share our recommendations for the conservation title of the farm bill.

NFU supports the conservation programs established in the 2002 Farm Bill and continues to call for full funding of each program. Full and adequate funding of all programs ensures the continued protection of our soil and water resources and wildlife habitats. The 2007 Farm Bill should build upon existing programs, while encouraging further investment in new programs that benefit the environment, family farmers and ranchers, and rural America. By coupling the environmental needs of our fragile farm lands, with the socioeconomic goals of our farming communities, the new farm bill could do even more to create the opportunity to reward stewardship, discourage speculative development of fragile land resources and strengthen family farming and rural communities.

Rewarding family farmers for making good environmental choices should be a top priority in agricultural policy, since society as a whole benefits from producers who adopt farming practices that enhance water quality, wildlife habitat, energy conservation, biodiversity and carbon sequestration. Financing should be on a long-term basis, providing federal commitments for a minimum of five years.

Conservation Security Program

The Conservation Security Program (CSP), one of the most innovative attempts to reward producers for conservation practices on working lands, should be fully funded in the 2007 Farm Bill. To date, the number of producers who have been eligible to participate in CSP has been limited to targeted watersheds. While the additional financial incentives are welcome in the targeted watersheds, there is a substantial inequity between producers in adjoining watersheds. One unintended consequence of the program has been producer inequity in the targeted watersheds, demonstrated in cash rent competition between participating and nonparticipating producers.

Sign up for CSP should not be a one time only opportunity; signup should be continuous. A continuous signup would ease the workload for technical staff and be much fairer to producers who initially did not qualify. We should encourage participation in the program by allowing interested participants to modify certain farming practices in order to meet eligibility criteria in the future.

I cite the following example: In Nebraska, we have a member who farms in a CSP targeted watershed. He uses minimum tillage, but sometimes uses cultivation to reduce herbicide use and has installed terraces to control water runoff. Unfortunately, the current program criteria are biased toward no-till farming, thus disqualifying him from participating in CSP. Once denied, he was not eligible to reapply. Ironically, this farmer, as well as his neighbors, thinks of himself, as the "conservation farmer" of the neighborhood.

NFU's carbon credit program and national buffer strip initiative, which I will explain later in my testimony, could be adapted to work within the tier system of CSP.

Environmental Quality Incentives Program

EQIP also needs full funding in the next farm bill, with all funds directed to family farmers and ranchers. We recommend a size limit on the number of animals in an operation owned by a producer who can receive cost-sharing for practices protecting environmentally sensitive areas. Concentrated Animal Feeding Operations (CAFOs) should not be eligible for cost sharing. States should be permitted to set EQIP priorities based upon local environmental challenges. Numerous variables contribute to the soil and water composition of landscapes throughout the country, and we need to recognize that these unique conditions dictate distinct conservation needs. States are best equipped to identify where and how limited conservation funding can produce maximum benefits to both the producer and the environment.

Conservation Plans and Technical Assistance

NFU supports the development of a one-stop conservation planning system for agriculture through the Natural Resources Conservation Service (NRCS). The plan should be supervised and approved by the USDA committee process, with the technical assistance of NRCS. We recommend a single conservation plan that is developed by the farm operator, in conjunction with NRCS, in order to assure compliance with the myriad of land and water regulations established by various government agencies. The producer's conservation plan should specifically address relevant, locally-identified priority problems. Objectives of the conservation plan should aim to reduce and control wind and water erosion, prevent nonpoint source pollution and enhance the soil and water capacities of the land. It is necessary to designate which highly erodible soils should not be tilled and which may be tilled with approved conservation practices. Lastly, a thorough mapping and documentation of both existing and drained wetlands, as well as any drains and channels, needs to be completed. The plan should outline the conservation of wetlands, as well as the maintenance of drains and channels.

Once a plan is filed with NRCS and implemented, a producer should be deemed to be in compliance with all federal agencies. Producers should be allowed to remedy inadvertent or unavoidable failures to carry out conservation plan practices, and penalties should be based on the degree of the violation. If a producer is working with a government agency to resolve a specific environmental problem, the producer should not be penalized for any other obstacles that are discovered, but rather, the agency should work with the producer to correct the problems.

Farmers who have a conservation plan should be eligible for stewardship payments. Payments should compensate farmers who have achieved a high level of resource protection in their farming operation. Incentives should reward both new and existing conservation practices. We support a payment system that moves toward an outcome-based approach, where real changes and environmental benefits are tracked and rewarded. All farms and ranches, regardless of what they produce, should be eligible to benefit from incentives to implement conservation minded practices. Programs should be based on voluntary automatic signup and preclude the use of a bidding system.

Loss of full federal farm program benefits should be imposed only in cases of purposeful abdication of agreed upon conservation practices. Current conservation compliance requirements allow too few options to account for local involvement, climatic conditions and geography, which are beyond the control of the producer.

Across the nation, approximately 3,000 conservation districts coordinate assistance from a variety of sources including both the public and private sectors, local, state and federal governments in an effort to develop locally-driven solutions to natural resource concerns. In my own state of Nebraska, producers rely upon Natural Resource Districts to provide the delivery system for federal technical assistance programs established by the NRCS. Conservation districts are often confined by strict budgets and thus are not always able to meet their conservation goals. Recognizing that conservation districts are most qualified to continually adapt to newly emerging environmental changes on the local level, NFU strongly encourages increased funding for the services they provide.

The success or failure for NRCS programs begins with the local staff that works directly with producers.

Staff funding cannot withstand continued reductions, while program implementation and workloads expand. This scenario compromises the integrity of conservation priorities for both producers and taxpayers. The use of third party vendors should be reserved to acquire additional levels of expertise for project design, not compensate for inadequate baseline staff funding. Competitive bidding and multi-year contracts should be authorized in order to provide technical assistance to producers. Furthermore, technical service provider payment rates should be consistent with the prevailing regional market for similar services supplied to other industries.

We remain concerned that engineers who are normally tasked with designing field plans are now responsible for completing the paperwork associated with delivering payments to producers. Such excessive assignments divert the specialist's attention away from his/her expertise. All payment paperwork should return to the domain of the Farm Service Agency (FSA), namely the agency that excels at delivering payments to producers. FSA recognizes the needs of farmers and can accurately and efficiently meet their financial needs.

We are concerned about the repeal of Section 1241(d) of the 2002 Farm Bill, namely the regional equity provision. First established in the 1985 Food Security Act, the provision requires that, "Before April 1 of each fiscal year, the Secretary of Agriculture shall give priority for funding under the conservation programs under subtitle D to approved applications in any State that has not received, for the fiscal year, an aggregate amount of at least $12,000,000 for those conservation programs." In FY2005, the provision was fully implemented and allowed producers in 13 states to participate in additional conservation programs. The merits of sound conservation practices in the agricultural sector should be available to as many producers as possible, despite geographic location. Regional equity creates a level playing field for areas of the country that may otherwise go unnoticed or under funded in their environmental efforts.

Conservation Reserve Program

The Conservation Reserve Program (CRP) is one of the most successful programs in our nation's history. Designed to address soil erosion, water quality and wildlife habitat, CRP should to continue to serve as a tool for producers to protect the land throughout the nation. NFU is concerned with any effort to reduce the maximum CRP acreage of 39.2 million acres or reduce funding for the program.

Contracts should be extended for periods of not less than 10 years, and ownership of CRP lands should remain in the hands of resident family farm and ranch operators. The enrollment of whole farms into CRP should be prohibited, due to the detrimental effects on rural communities.

Incentives to aid beginning farm and ranch families should be offered on land that was previously enrolled in CRP, but is not deemed environmentally sensitive under new rules and not eligible for re-enrollment. The local FSA committee should maintain the authority to allow producers more time to pay for their portion of the seeding costs when financial hardship is proven.

Financial and technical assistance should be provided to producers to prepare CRP acreages for sustainable agricultural systems that will meet established conservation standards. In addition, land managed with appropriate organic standards while enrolled in CRP should be eligible for organic certification upon termination of the contract.

In times of extended drought conditions or other weather disasters, haying or grazing on CRP acres should be allocated to all livestock producers based on need, with up to one-third of acres being used to replenish feed supplies. Haying and grazing of CRP by a producer in a disaster-declared county should not be restricted to land in the disaster-declared county or state. The FSA farmer-elected county committees should be given authority to set the date of harvest in order to maximize the feed value of hay and forage. These regulations should be in place so procedures are documented in advance of a disaster. The maximum landowner income from the haying and grazing should not exceed the annual CRP contract amount for that farm.

NFU supports the following recommendations regarding CRP:

- Careful setting of the NRCS Erodibility Index (EI), which would reflect an emphasis on sensitive land, including land that impacts water quality;
- Re-enrollment funding to enforce contract requirements for adequate weed and insect control;
- Land-owner rights' to collect hunting or recreational use fees;
- High priority on long-term timber and forestry conservation projects for re-enrollment;
- Planting of shelterbelts or other measures if shelterbelts and/or wooded areas are destroyed. New trees should be required for a minimum of 10 years on equivalent acreage; and
- Continuation of the 25 percent per county acreage limit for CRP and related conservation programs.

In addition to the CRP, we support developing a short-term conservation land diversion program to allow producers to take land out of production for one to three years in times of surplus. Participants would be required to use Best Management Land Practices and be compensated based upon a percentage of the county rental rate for the land. The amount of land placed in the program would be limited to an established percentage per farm. Land would be eligible to be cropped or put back into the diversion program after the contract period.

Wetlands

The federal government should consult with state and local governments to develop a unified, mutually agreeable management program to protect our nation's wetlands and individual property rights.

We encourage Congress to study the impacts of current and forthcoming wetlands proposals on agricultural producers, family timber operations and rural communities, giving careful consideration to identifying and separately regulating any artificially created wetlands. Induced wetlands should be exempt from wetland restrictions. Requiring recertification of wetlands at five-year intervals creates a moving target for producers in their compliance efforts. While we support a single, coordinated approach to wetlands protection, producers must be provided full opportunity to participate in the development and review of regulations.

We reaffirm our support for making the NRCS and FSA the lead agencies in wetlands delineation on agricultural lands. All wetlands determinations throughout the United States should rely on the presence of the following three mandatory criteria simultaneously appearing on the same site year round: 1) hydrology; 2) a predominance of hydric soil; and 3) a prevalence of hydrophytic vegetation. Any leaseholder, renter or

owner should be compensated equitably for the taking of lands through the classification of wetlands. Landowners should be able to move water within the contiguous boundaries of their own property without regulation, interference or easements. Lastly, water outside the boundary of a wetland should be considered sheetwater and not subject to jurisdiction by state or federal agencies.

NFU's Carbon Credit Program

There is growing public concern that global climate change may be responsible for more severe hurricanes, shrinking polar ice and glaciers, droughts, floods and other disruptions in our climate. Increasing energy prices are also peaking the public's interest in renewable fuels, alternative energy sources, energy conservation and other practices that reduce greenhouse gas emissions. As stewards of the land, Farmers Union members want to help protect the environment and our natural resources.

The newly established Farmers Union's Carbon Credit Program is a voluntary, private-sector approach to conservation. The program allows agricultural producers and landowners to earn income by storing carbon through no-till crop production, longterm grass seeding practices, native rangeland and forestry. For two years, North Dakota Farmers Union (NDFU) and NFU worked to gain approval from the Chicago Climate Exchange (CCX) to aggregate carbon credits and enroll producer acreages of carbon into blocks of credits that are traded on the CCX.

Converting to no-till crop production and long-term grass seeding practices results in higher levels of carbon stored in the soil. Producers can now earn income in the carbon credit market for storing carbon, thereby reducing greenhouse gas emissions.

The concept of carbon credits trading is similar to dealing with any other agricultural commodity exchange such as the Minneapolis Grain Exchange or the Chicago Board of Trade. Producers are credited with 0.2-0.6 metric ton of carbon for each acre of eligible no-till cropping and 0.75 ton per acre for qualifying grass stands each year of the contract. The price per ton on CCX varies every trading day, but current prices are approximately $3.70 per ton. That equates to about $1.50 per acre for no-till and $2.50 per acre for grass stands, less the aggregation fee.

In the greenhouse gas debate, the concept of emissions caps and higher costs of carbon offsets may eventually provide the incentives to more efficiently use energy. A similar cap and trade market developed regarding sulfur dioxide emissions in the acid rain debate a number of years ago. Over time, the cost of credits or offsets became high enough to force companies to place scrubbers on smokestacks, replace the highest emission plants and build newer low-emission facilities. Lowered emissions resulted from the market-based sulfur dioxide allowances trading, and acid rain and its damage were lessened. That may hold true for carbon emissions as well.

In the meantime, if agricultural producers can adopt economically successful and environmentally sound land management practices that reduce or offset carbon emissions, and can get paid for it, it creates a "win-win" scenario for all involved.

New Buffer Strip Initiative

Buffer strips play a key role in maintaining healthy, productive farms, as well as protecting fragile and vital waterways throughout the country. When designated appropriately, buffer strips help producers maintain their best land in crop production and make good use of marginal land. Conservation buffers, which remain permanently vegetated, help control pollutants and manage environmental problems; other practices considered as buffers or closely associated to them are hedgerow plantings, grassed waterways and streambank protection measures.

NFU proposes a new buffer strip practice for inclusion in the 2007 Farm Bill; the program would build upon the proven success of past buffer strip initiatives by rewarding producers for planting no-till perennial vegetation on production lands adjacent to waterways and beyond the already designated conservation buffers strips. Lands located close to water sources are amongst the most fertile agriculture lands and are often the most lucrative in terms of production and return on investment. If farmers were fairly compensated for planting no-till perennial vegetation that could be harvested for the production of biofuels, used for hunting purposes, hayed/grazed for livestock, capturing carbon or other non-disruptive purposes, then producers, the environment and the American public all stand to reap the rewards.

This undertaking requires significant collaborations among various agencies within USDA, as well as the expertise of researchers who could identify regions of the country in which this program could be most successful. In order for this program to succeed, it must be developed in the best financial interest of the producer. Therefore, funding levels per acre must at least equal the value of the land if it had been left in crop production.

Some would say this would be an expensive endeavor. We challenge those to look at the total overall cost of cleaning our waterways; significant costs that are born by federal, state and local agencies. NFU believes paying for cleanup in retrospect of a situation is much more costly than preventative measures. Current clean up, related to the dead zone in the Gulf, drinking water resources, restocking marine life or others, could be significantly reduced with expanded buffer strips. Addressing this challenge will most likely be beyond the purview of the agriculture committees, but we must end the piecemeal approach and begin a comprehensive approach to protecting our water resources.

As mentioned earlier in my statement, I believe both the carbon credit program and buffer strip initiative could be established to work within the existing tier system of CSP or adopted as new tiers of participation.
The goals of the programs are not impossible, but it will take the will of Congress to make these initiatives a reality.

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

With that Mr. Chairman, I thank you again for the opportunity to testify. I would be pleased to take any questions and thank all of the members of the committee for their support of and work on these important issues.

SENATE COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY
Oral Testimony of Robert Harrington, Montana State Forester
On Behalf of the NATIONAL ASSOCIATION of STATE FORESTERS
May 1, 2007

Good afternoon Mr. Chairman and members of the Committee. I am Bob Harrington, the State Forester for Montana, and I am pleased to represent the National Association of State Foresters in testifying before you today.

As I appear before you today, foresters employed by my agency are utilizing federal funds enabled by the 2002 Farm Bill to help family forest landowners in Montana manage their forest sustainably. This type of assistance is crucial nationwide in the effort to conserve working forests across the country, in a time when much of our timberland is more valuable as real estate development than when managed for producing forest products, recreation, and wildlife habitat.

Private forestland comprises 60 percent of our nation's forests, which cover one-third of our country. We often take the benefits of these lands for granted. We should recognize that these lands provide more fish and wildlife habitat, more watershed protection, and produce more timber and other forest products than all of the national forests and industrial forests combined. However, today we are facing the imminent threat of hundreds of thousands of acres of these forests being converted to development unless mechanisms are employed to keep them intact.

My testimony today focuses on the Farm Bill's conservation and cooperative forestry programs that help conserve and improve the health and condition of these forest lands for future generations.

Forestry has historically been a part of programs administered by the National Resource Conservation Service, but only a few states have been able to adequately deliver forestry assistance to landowners through these programs. While the need for healthy sustainable forests has never been greater, the amount of actual funding for forestry programs, particularly in EQIP and WHIP has declined. With increasing fragmentation of forest ownership, how do we best achieve cooperative conservation and harness market mechanisms to achieve sustainable and healthy forests? We first need to analyze what is currently working, and where improvements can be made to e more successful.

As one of those states with a successful partnership with the NRCS in delivering forestry assistance to family forest landowners, I'd like to share some thoughts on our thoughts on our keys to success.

The key elements in building a successful program are:

- Leadership from the State Forester and the State Conservationist (and their staff) to collaboratively deliver assistance to forest landowners,
- Establishment of formal partnerships, which may include MOU's, cooperative agreements, and cost reimbursement between NCRS and the State Forestry agency, and
- Joint agency participation in both the NRCS State Technical Committee and the State Forest Stewardship Steering Committee.

Technical assistance to landowners is an important mechanism for encouraging private landowners to maintain their forestland and ensure its long-term sustainability. State Foresters are the primary mechanism for providing such assistance to landowners, communities, farmers and ranchers, and conservation organizations. With the high demand for these services, limited resources necessitates that we not create redundant capacity. The Cooperative Forestry Assistance Act of 1978 establishes State Foresters as the primary link between USDA and the 10 million family forest owners.

Several NRCS conservation programs such as EQIP and WHIP have demonstrated forestry successes in some states. In 2005 the total cost share funds approved for forest-related conservation practices was $24.3 million, and only eight states had programs of $1 million or more. In 2006, forest- related EQIP cost share projects dropped to $19.3 million and six states had programs of a $1 million or more.

Geography and topography do not explain the inconsistencies in delivery of forestry related NRCS programs across the country. The states that are successful in this arena are located in different regions of the country and work with significantly different ownership patterns and ecosystems. The keys to success appear to hinge on working at the local and county level with strong cooperative leadership at the state level.

Forestry practices are often successfully utilized on agricultural lands to address clean water and wildlife habitat needs. While the Forestry Title and Conservation Title programs often complement each other, their overall application and focus differ. State Foresters and State Conservationists, working together through State Technical and Forest Stewardship Committees, can improve opportunities for forestry in these conservation programs on a landscape scale across various ownerships to achieve overall conservation goals.

In Montana, here are some areas where we have been successful:

- NRCS used EQIP program funds to support State Forestry staff in the delivery of technical assistance to family forest landowners participating in the EQIP cost-share program;
- The availability of EQIP funds helped eliminate the backlog of Montana forest landowners who needed cost-share assistance to implement forest improvement projects on their land;
- The NRCS partnership has helped implement projects for family forest landowners for post-wildfire rehabilitation, hazardous fuels reduction, and forest stand improvement that otherwise may not have occurred.

The unique nature of forestry is best represented by addressing sustainable forestry issues in a separate forestry title within the 2007 Farm Bill. It is important that overall program objectives are defined at the national level to provide guidance for each state to develop and implement its forestry program and statewide forest resource assessment and planning in a manner that helps ensure sustainable management of private forests.

Given the unique nature of forestry issues in each state, it is important that each state set their priorities for program delivery. Federal legislation in the Forestry Title of the Farm Bill can identify the overall objectives including targets for national and state implementation. Each state should then develop its implementation plan for accomplishing those specific targets. Implementation of this plan optimizes the assistance to family forest landowners and the public benefits derived from them.

The increasing divestiture of industrial timberlands to REIT's and TIMO's is indicative that the condition of our nation's private forestlands is rapidly changing. The potential adverse effect on the public benefits derived from these forests demonstrates the need to address this challenge. Developing economic mechanisms such as markets in ecosystem services, renewable wood biomass energy, maintaining existing forest industrial infrastructure, and developing new products that utilize currently low value wood fiber are critical elements of an overall strategy to maintain forests lands. Congress also needs make changes to tax policy to enhance the sustainable management of these forests.

In summary, we encourage the Senate to:

- Strengthen the forestry language in the 2007 Farm Bill to ensure forested landowners have equal eligibility to all Farm Bill conservation programs;
- Ensure the capacity of the State Forestry agencies deliver the private forest landowner programs,
- Utilize state forest stewardship programs and forest landscape assessments to market and focus NRCS cost-share programs to benefit family forest owners, and
- Ensure the NRCS and other USDA agencies will promote cooperative relationships with state forestry agencies to implement the forestry components of the 2007 Farm Bill.

Thank you for the opportunity to testify. The needs have never been greater to achieve effective technical assistance mechanisms in cost efficient ways. I am pleased to take questions.

SUSTAINABLE AGRICULTURE COALITION

110 Maryland Avenue N.E. Washington, D.C. 20002 www.msawg.org

Phone 202.547.5754 Fax 202.547.1837

Statement of Ferd Hoefner
Policy Director, Sustainable Agriculture Coalition
Hearing on Conservation Policy Recommendations for the Farm Bill
U.S. Senate Committee on Agriculture, Nutrition and Forestry
May 1, 2007

Good afternoon. Thank you for this opportunity to testify on recommendations for the conservation title of the farm bill. My name is Ferd Hoefner and I serve as Policy Director for the Sustainable Agriculture Coalition, a national alliance of 30 national and grassroots farm, rural, and conservation organizations[1] from across the country that together advocate for federal policies and programs supporting the long-term economic and environmental sustainability of agriculture, natural resources and rural communities. Our positions are based on extensive grassroots input from sustainable and organic farmers and ranchers and from private non-profit organizations working directly with farmers on activities ranging from on-farm research and field days to marketing alliances to public policy. Through the Coalition and its member groups, we have spent the past two years developing a wide-ranging farm bill platform with input from thousands of farmers, researchers, conservationists and other concerned citizens at participatory workshops and listening sessions across the country.

Resource conservation and environmental enhancement can be promoted in such a way as to re-enforce the public interest in sustaining family farms and supporting rural community development, but only if our policy choices are aligned with those goals. The farm bill should help integrate successful revitalization of family farms and rural communities with environmental and natural resource conservation. By the same token, we need to continue to incorporate environmental objectives into agriculture policy, making sure environmental protection and resource conservation become and remain priorities in our production systems. This is central to our sustainable future.

---

[1] Sustainable Agriculture Coalition member organizations include: Agriculture and Land Based Training Association (ALBA); American Natural Heritage Foundation; C.A.S.A. del Llano (Communities Assuring a Sustainable Agriculture); Center for Rural Affairs; Dakota Rural Action; Delta Land and Community, Inc.; Future Harvest/CASA (Chesapeake Alliance for Sustainable Agriculture); Illinois Stewardship Alliance; Innovative Farmers of Ohio; Institute for Agriculture and Trade Policy; Iowa Environmental Council; Iowa Natural Heritage Foundation; Kansas Rural Center; Kerr Center for Sustainable Agriculture; Land Stewardship Project; Michael Fields Agricultural Institute; Michigan Integrated Food and Farming Systems (MIFFS); Michigan Land Use Institute; Midwest Organic and Sustainable Education Service (MOSES); The Minnesota Project; National Catholic Rural Life Conference; National Center for Appropriate Technology; Northern Plains Sustainable Agriculture Society; Ohio Ecological Food and Farm Association; Organic Farming Research Foundation; Pennsylvania Association for Sustainable Agriculture; Rural Advancement Foundation International USA; Sierra Club Agriculture Committee; and The Washington Sustainable Food and Farming Network.

Our major recommendations for the conservation title are to:

- Retain, streamline and fully fund the Conservation Security Program (CSP) as the primary agriculture stewardship incentive program, available to producers nationwide.
- Coordinate the Environmental Quality Incentives Program (EQIP) with the CSP to improve local conservation delivery and restore EQIP provisions that help ensure a net positive effect on the environment.
- Adopt a new Organic Conversion and Stewardship Incentives priority to provide technical and financial assistance for the adoption of organic farming-based conservation systems, available to farmers converting to certified organic production, those adding additional land or livestock that will be organic-certified, and those adding conservation enhancements on existing certified organic production.
- Expand the existing Partnerships and Cooperation into a Cooperative Conservation Partnership Initiative to support special projects for multiple producers to address specific area-wide resource and environmental concerns and community development opportunities.
- Restore a long-term funding baseline to the Wetlands Reserve Program sufficient to enroll 250,000 acres per year.
- Increase the Conservation Reserve Program's emphasis on high impact conservation buffer enrollments while instituting a new permanent easement option for marginal lands with high importance as wildlife habitat.

General Conservation Title Provisions

Rather than jumping right into the alphabet soup of financial assistance programs, however, I want to begin by stepping back for a moment to address an overarching framework for the conservation title. The focus of most recent farm bill conservation titles has been, not surprisingly nor inappropriately, on major financial assistance programs. A limited number of provisions nonetheless have applied more broadly across the whole gamut of federal conservation programs and activities. In the 2002 Farm Bill, for instance, overarching provisions included a Partnerships and Cooperation Initiative, Beginning Farmer and Rancher provisions, Program Assessment and Evaluation language, and Technical Assistance funding.

The 2007 Farm Bill presents an opportunity to strengthen the entire conservation portfolio by establishing some broad ground rules and creating a stronger foundation for addressing critical agro-environmental issues in a comprehensive fashion through a more complete set of conservation title general provisions. We would recommend the following cross-title priorities:

Reauthorize the Resource Conservation Act: The Soil and Water Resource Conservation Act of 1977 requires USDA to periodically conduct comprehensive appraisals of soils, waters, and related resources within the scope of programs administered by the Department. These appraisals are then used to develop a National Conservation Program. Some of the previous appraisals played a major role in subsequent conservation title policy decision making, but the last update is due this year and the Act will be terminated in 2008 unless it is extended by Congress in this farm bill.

While farm bills have authorized and funded very significant financial assistance programs since 1985, no formal set of objectives has been established that could be used to track changes in the conditions of natural resources and environmental quality and assess the relative success of the farm bill conservation programs. Importantly, the 2002 Farm Bill did include a section authorizing conservation program monitoring and evaluation activities and educational and outreach assistance. Unfortunately, just as the bill was about to be finalized during conference committee consideration the funding that had been set-aside for this purpose was transferred to cover a last minute budget shortfall in Title I of the bill. Despite the lack of dedicated funding, NRCS has managed to use a small amount of general funding to do some program evaluation work, including the new Conservation Effects Assessment Program (CEAP) activity. This effort, however, has been hampered by the lack of an explicit, consistent, and sufficiently large funding stream.

The 2007 Farm Bill should extend and revise the Resource Conservation Act and combine that reauthorization with renewal of the 2002 Farm Bill monitoring and evaluation provision. The farm bill should provide a mandate for USDA to identify and periodically revise national natural resource and environmental objectives and anticipated outcomes for the farm bill conservation programs as a whole. To the maximum extent possible, the objectives should be expressed in terms of specific and measurable improvements for each major conservation purpose and natural resource concern. The iterative process of developing and refining objectives should include specific indicators to track changes in the status and conditions of natural resources and environmental quality. Extension of the RCA should be closely coordinated with these objective and indicators and also with the current Conservation Effects Assessment Program (CEAP) effort, with both oriented to exploring and analyzing alternative future-oriented approaches to conservation.

The comprehensive monitoring and evaluation program should be funded as a percentage of total spending for each farm bill conservation program, in much the same manner as technical assistance funding is provided currently. Such a funded and integrated system could then be used to help inform future farm bill conservation title choices as well as agricultural appropriations spending decisions.

Technical Assistance: Technical assistance is the foundation of working land conservation. Without adequate technical assistance, financial assistance dollars will not achieve optimal conservation benefits. We can not continue down the road we have been on for the past several farm bills, increasing financial assistance dollars through a myriad of programs while keeping funding for technical assistance and professional staffing essentially flat. This is especially true as the balance between working lands assistance and land retirement spending continues to shift toward working lands. Management-intensive, knowledge-based conservation systems are critical to solving agro-environmental issues, and technical assistance is particularly crucial in this arena.

The 2002 Farm Bill contained a major new point of departure for funding the technical assistance necessary to deliver farm bill conservation programs and achieve the programs' environmental objectives. All the major farm bill programs were to be funded directly from the Commodity Credit Corporation with mandatory farm bill funding, including the provision of

technical assistance. Previously, most technical assistance for farm bill program delivery was subject to annual appropriations. With the near doubling of total funding contemplated by the 2002 Farm Bill, this was no longer practical.

The new farm bill should reaffirm the 2002 Farm Bill decision to fund technical assistance for farm bill conservation programs as a percentage of each program's total program funding stream. The new farm bill should also extend CCC funding to technical assistance costs related to conservation compliance activities. Most importantly, increased farm bill conservation program assistance should be facilitated by increases in field staff to deliver the programs and provide technical assistance.

Educational Assistance: An educational assistance component for farm bill conservation programs should be re-instituted. A specific percentage of total mandatory program dollars should be set aside for this purpose. This funding should be available to Extension, non-governmental organizations, community-based groups, educational institutions, conservation districts, RC&Ds, and producer groups, and should be used to increase awareness of conservation program opportunities, enhance producer knowledge of conservation and environmental systems and practices, provide training and decision support aids for sustainable system-based approaches to conservation, and help foster landscape level and watershed and regional cooperative ventures. Education and outreach is an important complement to NRCS technical assistance and can reduce burdens on NRCS professional staff to allow them to focus on their primary tasks.

Streamlined Program Delivery: Very good arguments can be made for consolidating and streamlining the current array of conservation programs. The producer ultimately must integrate resource concerns and prescriptions for the farm or ranch, yet there is a tendency to deliver programs as if they are separate fiefdoms. Consolidation may be conceptually quite appealing, but difficult as a practical matter to achieve. A more modest and achievable goal would be to keep the conservation title from becoming any more splintered than it already is, and then trying to coalesce around a more streamlined delivery system. In other words, make conservation programs in reality what they are so often touted to be rhetorically, namely interdependent components of a mutually supportive portfolio.

To help achieve that end, comprehensive conservation planning should be made a basic entry point for farmers and ranchers to access multiple conservation financial assistance programs. After assessing their resources, status, problems and potential solutions in a conservation plan, farmers and ranchers can then be guided to apply for the appropriate incentive, cost-share, or easement programs that best meet their needs. As an incentive for superior stewardship planning, the farm bill should provide for automatic eligibility to the relevant financial assistance programs if the plan addresses all resource concerns and equals or exceeds the applicable sustainability or quality criteria. Rather than viewing whole farm total resource management planning as a luxury we cannot afford, it should be put back into the driver's seat and used to streamline our approach to conservation program eligibility.

In order to streamline program delivery and make the programs as farmer-friendly as possible, the farm bill should direct USDA to establish:

- A unified sign-up, application, conservation plan, and contract process.
- Continuous sign-up procedures wherever appropriate; off-season enrollment periods, with adequate advance notice, when continuous sign-up is not an option.
- Whole-farm total resource management conservation planning as an entry point into all programs.
- Extra ranking points and incentives to reward participants for first developing whole farm total resource management conservation plans.
- Automatic eligibility to the relevant financial assistance programs if the plan addresses all resource concerns and equals or exceeds the applicable sustainability or quality criteria.

Conservation Incentives for a Beginning Farmers and Ranchers: The conservation title of the 2002 Farm Bill authorized the Secretary of Agriculture to provide special incentives to beginning farmers and ranchers and limited resource producers to participate in federal agricultural conservation programs. This provision has resulted in several limited offerings by NRCS through farm bill conservation programs, including a funding set-aside under the Conservation Innovation Grants program and ranking points for farm transition planning under the Farm and Ranch Land Protection Program. More far reaching special incentives were unfortunately not adopted, despite the new farm bill authority.

The 2002 Farm Bill also established a maximum cost share rate of 90 percent, a 15 percent cost-share differential or bonus relative to the regular maximum rate, for beginning farmers and ranchers and limited resource farmers in the Conservation Security Program (CSP) and the Environmental Quality Incentives Program (EQIP).

The intent of these provisions is to help achieve two important public policy goals: help get new farmers and ranchers get started while encouraging them from the outset to adopt whole farm conservation plans and strong conservation systems. Adoption of sustainable systems is often far easier at the beginning of an operation's history than later on once a system is in place and then needs to be changed or retrofitted.

The 2007 Farm Bill should continue and strengthen the cost share differential for EQIP and CSP by clarifying that the cost share rate for beginning farmers and ranchers cannot be less than 15 percent greater than the underlying regular rate for a particular practice, or greater than 90 percent.

The 2007 Bill should also continue, but strengthen the general special incentives authority. In addition to the general authority, the new bill should direct USDA to:

- Provide technical assistance and training for beginning farmers and ranchers on sustainable agricultural farming practices and systems.
- Provide strong conservation planning assistance through the development of cooperative agreements between NRCS, Extension, non-governmental organizations, and private technical service providers with expertise in addressing the needs of new farmers and ranchers.

- Offer a financial incentive or bonus for beginning farmers and ranchers to develop whole farm/ranch resource management system conservation plans as part of their participation in CSP or EQIP.
- Provide substantial ranking points for beginning farmers and ranchers within each and every farm bill conservation program that uses ranking systems to determine enrollment.
- Continue to encourage farmland preservation initiatives that ensure continuity of use as working farmland through advance transition planning.
- Develop a definition of beginning farmer and rancher that is based to the maximum extent practicable on the existing statutory definition for FSA credit programs and that includes a fair and reasonable net worth or net income test.
- Reserve, for the first four months following the date of availability, at least ten percent of total funding for each farm bill conservation program targeted to beginning and ten percent targeted to socially disadvantaged farmers and ranchers. Within that reserve, a higher maximum allowable technical assistance percentage (the underlying regular rate plus up to 15 percent more) should be provided to better address the conservation planning needs of new and socially disadvantaged farmer and ranchers.

Integrating Organic Agriculture into Conservation Delivery: As NRCS notes in a publication entitled *Organic Agriculture and Resource Conservation*, organic growers have experience with crop rotations, cover crops, soil health, and insect and disease control using production methods that minimize harm to the environment and public health. In addition, certified organic farmers and ranchers must develop an organic farm plan, which can serve as the base for an NRCS conservation plan for additional conservation improvements.

In addition to the well-documented resource conservation benefits of organic production methods, the premium paid for organically produced food offers extremely promising economic opportunities for small to mid-sized farmers and ranchers. In spite of the expansion of the organic food market, US organic production is lagging far behind demand, and reliance on foreign organic imports is increasing. The reasons for this shortfall are myriad, but the obstacles encountered by producers during transition to organic are generally recognized as the most significant barriers to successful participation in this market.

There is currently an ad hoc mixture of public and private efforts at work to encourage the recruitment and training of organic farmers, and ease the burdens of transition to organic production. In some instances these programs provide purely technical assistance, while others combine financial support or incentives with practical training. Some states are utilizing EQIP, CSP, or Agricultural Management Assistance funds to support organic conversion. These ad hoc efforts are a strong indication of the growing need for organic transition support.

The new farm bill should direct USDA to develop and implement conservation practice standards and technical assistance for organic systems. This new nationwide initiative should include funding for farmers and ranchers making the transition to organic agriculture as well as incentives for established organic producers to adopt advanced organic practices or to address additional resource concerns not already covered by their certified organic farm plans.

Sustainability Criteria to Guide Conservation and Energy Programs Promoting the Use of Agriculturally-Based Renewable Energy: As America responds to pressing energy and climate dilemmas, swift progress toward greater energy independence through increasing renewable energy production is critical. It is equally critical, however, that renewable energy production be pursued in manner that enhances rural communities and the environment. The next farm bill should tailor incentives to ensure that the emerging renewable energy industries benefit US family farmers and rural communities while safeguarding soil, water and biodiversity. To achieve these mutually supportive goals, the farm bill should include provisions that:

- promote domestic production of bio-fuel crops to meet growing demand;
- foster local ownership of and investment in processing facilities to benefit local economic development; and
- encourage sustainable agricultural production practices to ensure long-term ecological integrity for future generations of farmers producing renewable energy crops.

As this new array of energy and fuel production based on agricultural and rural land is emerging, the time is right to ensure that the environmental performance of current agricultural energy systems are improved and that future agriculturally-based energy is produced in sustainable systems that minimize environmental degradation and are designed to take advantage of the opportunities to improve soil health, water quality and wildlife habitat by integrating diverse, perennial energy crops into our agricultural systems.

Sustainability criteria should guide all farm bill conservation and energy title programs that seek to promote renewable energy. Within each program, the evaluation and ranking criteria used to make individual awards, grants, and loans should also use the same basic set of sustainability criteria as a guide. We recommend that general sustainability criteria be written into the farm bill, with direction to USDA to develop more detailed guidance and to incorporate the criteria directly into program operations for all energy programs and all conservation or rural development programs with significant energy emphases.

State Technical Committees: State Technical Committees (STCs) are the bridge between national and local conservation efforts and the entity through which to reach consensus at the state level on implementation priorities, funding allocations, special projects, and program implementation options. The Committees were established under the 1990 Farm Bill and expanded in representation and responsibilities under the terms of the 1996 Farm Bill.

The responsibilities of the State Technical Committee include recommendations on technical matters such as guidelines for evaluating new conservation practices and systems, wetland restoration and mitigation requirements, conservation compliance determinations and appeals, and haying and grazing restrictions to protect wildlife. The STCs also offer recommendations on program implementation decisions, including program priorities and ranking systems, for all the major farm bill conservation programs.

State Technical Committee implementation at the state level is very uneven, running the gamut from exceptional to nearly non-existent and from fully transparent and accountable to inaccessible. The new farm bill should strengthen the role of the STC, improve accountability

procedures, and create incentives and penalties, respectively, for strong and weak state use of the STC to spur improved program performance and outcomes.

Cooperative Conservation Partnership Initiative: Section 2003 of the 2002 Farm Bill established a new Partnerships and Cooperation (P&C) Initiative. This authority allows NRCS to designate special projects and enter into stewardship agreements with nonfederal entities, including state and local agencies and non-governmental organizations, to provide enhanced technical and financial assistance through the integrated application of conservation programs. The goal is to help producers solve special resource and environmental concerns in geographic areas of environmental sensitivity or, within a given state or region, to reach particular types of producers willing to undertake speeially-targeted intensive conservation initiatives.

Congress wrote the Partnership and Cooperation Initiative as a discretionary authority and USDA has chosen not to implement it. In its place, NRCS implemented a small planning grant program it at first called the Conservation Partnership Initiative and, following issuance of President Bush's "Cooperative Conservation" Executive Order, renamed the Cooperative Conservation Partnership Initiative (CCPI). The focus of the CCPI has been to provide resources to conservation districts and other local groups to help them develop plans for cooperative projects that might ultimately be implemented if funding were to be made available. The planning grants are useful as far as they go, but have left many high quality cooperative projects that are ready for implementation without an identified source of federal funding.

The Partnership and Cooperation Initiative should be reauthorized and codified as the Cooperative Conservation Partnership Initiative and significantly strengthened in the new farm bill. Outreach and technical assistance for the CCPI should be implemented on a competitive basis through intermediaries including producer associations, non-governmental organizations, conservation districts, watershed councils, educational institutions, and state and local agencies. The full range of resource concerns should be eligible, with a clear priority for projects which simultaneously address rural community development opportunities and environmental enhancement.

The CCPI should be a mandated initiative and be funded through existing state allocations for the full range of farm bill conservation programs. Up to 30 percent of a state's allocation should be made available for cooperative conservation projects, with flexibility to match program funding streams and mechanisms to tackle specific local problems. The Secretary should ensure that on a nationwide basis, the CCPI option is being used and that its use is growing annually over time until it reaches at least 20 percent of total funding.

The bulk of potential funding should be administered on the state level, with significant from the State Technical Committees. Requests for application and project evaluation factors should be developed through consistent national guidance. Priority should be given to projects that have solid plans already in place and are ready to move into the implementation phase, though a small set-aside could be used for planning grants similar to the current CCPI planning grant program. A small portion of total funding should be reserved at the national level to help support larger, multi-state projects or special national demonstration projects.

Preference should be given to projects that can leverage up to 25 percent in non-federal financial and in-kind support, but neither the absolute size of the project or of the match should be factored into the ranking system. Preference should also be given to projects with innovative outcome-based methods or measures that might if successful be replicated elsewhere. Special efforts should be made to include projects with beginning, socially disadvantaged and tribal producers.

Preference should also be given to projects focused on making rural communities attractive places to live and visit by providing landscape and habitat amenities, addressing community needs such as flood control through environmental restoration, or restoring resources and then providing for public access for recreational activities. Growing rural communities are largely those with environmental amenities. In the future, uncrowded natural space may become a key environmental amenity, one many farm and ranch communities could provide. The CCPI should include specific authority allowing NRCS to make bonus payments to farmers or ranchers in a CCPI project who restore habitat as a community development asset, provide public access to the enrolled land, or address other community needs.

Working Lands Conservation Program Toolbox

The current working lands conservation toolbox consists of four major components:

- Conservation Compliance, which sets basic requirements to control erosion and preserve wetlands, in return for gaining eligibility for farm bill benefits.
- The Environmental Quality Incentives Program, for those who are not yet ready or able to achieve a total resource management systems level of conservation. Ideally, EQIP helps participants find the individual practices they need to adopt to put themselves on the road to achieving sustainable natural resource use and protection.
- The Conservation Security Program, to support comprehensive conservation on working farmlands at high levels of natural resource protection. Ideally, it offers financial incentives commensurate with environmental benefits delivered, for all types of farms and ranches in all regions of America who are able, with assistance, to reach and exceed the resource non-degradation and sustainable use levels.
- The easement programs, for land that needs to be protected from conversion to non-agricultural uses or inappropriate agricultural uses while being farmed in a manner consistent with good conservation and habitat protection.

These four tools should fit together in a seamless offering of technical and financial assistance that will impel farmers and ranchers to better conservation performance. I will summarize our recommendations in each area.

Conservation Compliance

There is considerable evidence that the compliance provisions have helped to significantly reduce erosion and wetland conversions. The existence of conservation compliance rules not only improves natural resource protection but also acts as a partial damper to overproduction and low prices. According to an Economic Research Service study, without compliance

requirements, 7 to 14 million acres of highly erodible land and 1.5 to 3.3 million acres of wetlands that are not currently being farmed could be profitably farmed under favorable market conditions.

While soil erosion has been reduced substantially since the 1980s, progress has leveled off in recent year. Nearly half of all land with excessive erosion is not technically classified as highly erodible land, and so is outside the purview of conservation compliance rules as currently written. At least one-third of all land that is eroding at tolerable rates nonetheless has relatively poor soil quality.

Moreover, a US Governmental Accountability Office (GAO) investigation of compliance implementation revealed a multitude of problems resulting in weakened enforcement by USDA. According to the GAO:

> *"USDA's Natural Resources Conservation Service has not consistently implemented the 1985 Food Security Act's conservation provisions. Inconsistent implementation increases the possibility that some farmers receive federal farm payments although their soil erodes at higher rates than allowed or they convert wetlands to cropland... According to GAO's nationwide survey, almost half of the Conservation Service's field offices do not implement the conservation provisions as required because they lack staff, management does not emphasize these provisions, or they are uncomfortable with their enforcement role... Finally, the Farm Service Agency, the USDA agency responsible for withholding benefits for violations identified by the Conservation Service, often waives these noncompliance determinations without adequate justification. Without support from the Farm Service Agency, the Conservation Service's field staff has less incentive to issue violations."*[2]

Waivers: The new farm bill should narrow the existing waiver authority and strengthen waiver guidelines and accountability to eliminate the kind of abuse documented by the GAO. Waivers should be made subject to independent review.

Crop Insurance: Conservation compliance should be re-linked to the crop insurance program to help ensure the over $3 billion a year in taxpayer funds used each year to discount the cost to the farmer of this risk management program does not inadvertently increase erosion or wetland loss.

Scope: In light of the fact that nearly half of all excessive erosion is occurring on non-HEL, compliance requirements should also be extended to all cropland receiving program and insurance benefits and eroding at excessive levels.

Sodsaver: In order to protect prairie, critical habitat and biodiversity, reduce the cost of subsidy programs, and take the pressure off of already over-subscribed conservation incentive programs, sodbuster rules should be strengthened by prohibiting all commodity, insurance, and conservation subsidies on all native prairie and permanent grasslands without a cropping history if such land is cropped in the future.

---

[2] GAO-03-418, *USDA Needs to Better Ensure Protection of Highly Erodible Cropland and Wetlands.* Report to Ranking Democratic Member, Committee on Agriculture, Nutrition, and Forestry, US Senate, April 2003.

Under the terms of the current sodbuster provision of the farm bill, producers may sodbust highly-erodible land if they develop and implement a USDA-approved soil conservation plan. The sodbuster provision, however, does not take into account the biodiversity and wildlife values inherent in retaining native prairie and high quality grasslands. Further, not all grasslands are ranked as highly-erodible, so in those instances even the basic sodbuster rules do not apply. With the value of all the resource considerations factored in, it makes little sense from a public policy standpoint to continue to provide grassland conversion production subsidies. The "sodsaver" proposal would extend protection to all grassland without a crop production history, recognizing the important soil and wildlife benefits to be gained by keeping fragile lands intact. It would also lessen incentives to increase production beyond levels supported by the market, reducing downward pressure on crop prices and farm income.

A sodsaver provision should be carefully crafted to cover land without a cropping history in at least three of the past ten years, while exempting land in long term rotations and land currently in the Conservation Reserve Program (CRP). The long-term rotation exemption is important to ensure there are no unintended negative consequences for farms and ranches using environmentally sound, grass-based systems with occasional, sequenced cropping.

The sodsaver proposal produces significant program savings, savings which we would propose be re-invested in wetlands and grassland biodiversity restoration and protection.

Environmental Quality Incentives Program

We believe steps should be taken to better coordinate the Environmental Quality Incentives Program (EQIP) with the Conservation Security Program (CSP). EQIP can help get producers ready for a higher level of conservation demanded by the CSP. EQIP should provide priority in its ranking system for proposals aimed at making the farm eligible for CSP.

EQIP should also be modified to require that all funded projects address priority resource concerns and promote real progress toward, if not actually reach, the quality or non-degradation criteria for the resource concern(s). This change will more closely align the two programs and facilitate enhanced coordination and improved local program delivery. EQIP could also benefit from adapting another key component of CSP for at least some of the conservation land management practices in supports, namely graduated payment levels for increased levels of management intensity and environmental outcomes.

Restoring the progressive conservation planning requirements from the original EQIP rule is critical in our view. Re-instituting an EQIP progressive planning requirement will help ensure that practices funded by the program result in net conservation and environmental benefits. The restoration of other reasonable conservation and payment measures to EQIP would also help improve the environmental integrity of the program. These include:

- ***Promoting cost effectiveness***. The next farm bill should retain the current provision to prohibit "bid downs" that favor large farms over small and mid-sized farms, but strengthen the language highlighting and clarifying the importance of assessing the cost effectiveness of EQIP proposals and prioritizing the choice of lowest cost options.

- ***Restoring a reasonable payment limitation***. The cap should be set at up to $100,000 in any 5-year period. Direct attribution of payments to real persons should be continued. This measure will provide for a more equitable distribution of oversubscribed EQIP funding.
- ***Restoring the prohibition of funding for animal waste storage and handling facilities for large-scale concentrated animal feeding operations.*** USDA, the Farm Credit System and other lenders have loan programs for construction, and it is fiscally sound public policy for any such infrastructure to be funded through a loan program which includes a review of the economic viability of the overall operation.
- ***Limiting production incentives***. The farm bill should prohibit payments for building new confinement facilities or expanding existing ones. Subsidizing industry expansion promotes overproduction and price disruption. Using EQIP in this manner essentially disguises a production subsidy as a conservation payment.

Energy Considerations: A new provision should also be added to EQIP directing USDA to evaluate both short-term and long-term costs and net energy consumption of conservation practices. To ensure that EQIP, over the long-term, provides for maximum environmental performance in a cost-effective manner, the new farm bill should establish a priority for EQIP applications which include: (1) conservation practices and farming systems that minimize, over the long-term, the consumption of energy and requirements for maintenance, repair or replacement of high-cost infrastructure; and (2) conservation practices and farming systems that provide for the prevention of pollution and minimize the production of wastes that must be transferred off-farm.

Pollinator Protection: We also support a new provision to add the establishment of native pollinator habitat and conservation practices to protect native pollinators as an EQIP (and CSP) purpose. The precipitous decline in the European honey bees in the U.S. highlights the risks to U.S. agricultural production of a high degree of reliance on a single species for crop pollination services. This addition would not only meet the EQIP goals for increasing conservation performance of agricultural working land, it will also increase the productivity and diversity of U.S. agricultural production.

Conservation Security Program

The CSP represents the first serious attempt to move toward an outcome-based federal conservation program that rewards performance rather than prescriptive practices. The CSP is also the first broad-based federal farm conservation incentive program ever that by statute and regulation requires participants to solve resource problems to the non-degradation or sustainable resource use level. The CSP emphasizes cost-effective management practices and systems and offers graduated tiers of enrollment leading to whole farm, total resource management systems at the highest tier. CSP payments are not based on the type or volume of production or on prices, and instead are based on fulfillment of clearly defined conservation conditions and compensation for provision of environmental services. Properly designed and implemented, stewardship payments produce real and compelling environmental benefits for taxpayers, while providing a more sustainable basis for public support of farmers and ranchers.

In its first three years, the CSP enrolled nearly 20,000 farmers and 16 million acres in 280 watersheds across the country, securing over $2 billion in long-term commitments to excellence in land care. While great progress has been made in launching the CSP, post-farm bill funding cuts and unfortunate administrative implementation decisions have restricted enrollment opportunities to a limited number of specific watersheds.

The Conservation Security Program (CSP) should be retained in the next farm bill as the primary stewardship incentives program to reward superior conservation systems on land in agricultural production. An adequate and protected funding mechanism should be provided to ensure implementation of a true nationwide program serving all of agriculture. The CSP should be enhanced by further accelerating the movement toward outcome-based criteria and payment structures, in order to foster transitions to more sustainable agricultural conservation systems. The CSP tiered structure and payment mix should be revised to foster increased conservation results at a lower cost.

Program Scope: With the massive budget cuts to CSP, the program is currently on a watershed rotation system that would give farmers a once-every-generation chance to enroll. This is simply untenable for a green payments program with a goal of motivating farmers to adopt high level conservation systems. An absolutely essential, inescapable core issue for the new farm bill, then, is how to ensure the program is available to farmers and ranchers on a regular and timely basis. The CSP should be fully funded with enrollment opportunities provided in all watersheds annually, preferably on a continuous sign-up basis. If sign-ups are not continuous, the sign-up period should be predictable and farmers and ranchers should be provided with reasonable advance notice.

One key factor limiting the availability of CSP is a tight cap on technical assistance and staffing that USDA has imposed on itself. The statute restricts technical assistance for CSP to 15 percent of total program funding, which USDA has chosen to interpret as 15 percent of current year funding rather than as a percentage of the total value of the 5 and 10-year CSP contracts. The CSP technical assistance funding provision should be fixed to unambiguously provide for sufficient and timely technical assistance capacity. If a statutory percentage cap on CSP technical assistance is retained, the cap be increased back to the 20 percent level proposed by the Senate in 2002 and should clearly apply to the total contract obligation amounts, not just to first year funding.

Natural Resource and Environmental Criteria: The natural resource and environmental criteria and conditions for participation in the CSP should be refined and improved based on what has been learned in the first years of the program. The eligibility bar for CSP participation should be set at a high stewardship level and the payment structure should be set to encourage practice and system innovation. We would support:

- codifying the current regulatory requirement to address soil and water quality at all participation tiers;
- including wildlife habitat as a mandatory resource concern at the tier two level;
- requiring at tier three the adoption of resource-conserving crop rotations or cover cropping systems on annual cropland and managed rotational grazing on pastureland;

- clarifying that the CSP conservation plan include a schedule for how the participant will improve the production of environmental benefits over the life of the contract;
- retaining the whole farm requirement at tier two and three but clarifying the contract modification provision to automatically reflect the loss of land during the contract term and to provide a mechanism for adding land gained during the contract term;
- clarifying the contract renewal provision to ensure that participants have met or exceeded the goals of the conservation plan; and
- making all contracts five year contracts.

Modification Process: The existing contract modification language should be retained, but the current administrative use of that contract modification process as the primary locus of farmer decisions to add new resource concerns and new conservation practices and activities to the CSP contract should be reversed. With regular sign-up periods, improved technical assistance, and renewed attention to conservation planning, the initial CSP contracts should include the new practices and activities that are currently being shunted off to the contract modification process. By moving them forward in time, the process will be more streamlined, the producers will have a clearer sense of the requirements and rewards of participation, and the congressional budgeting process will be far less complex.

Payment Structure: Creating incentives for the achievement of environmental outcomes rather than the adoption of specific practices is likely to be more cost-effective, allow more flexibility for innovation by farmers and ranchers, and result in more extensive and predictable environmental improvements. The CSP has moved further in the direction of linking payments to achieving outcomes than any other or previous program. Further evolution in the direction of quantitative results that are measured or estimated for a given environment is both possible and desirable, especially as improved tools and indicators are developed and tested and ultimately adapted to the CSP payment structure.

The CSP payment structure should emphasize natural resource and environmental enhancement and to drop, reduce, or modify payments that do not support this goal. We would support:

- eliminating the base or stewardship payment and the maintenance payment entirely, and replacing them with a modest flat sum conservation planning payment (year 1) and conservation plan monitoring and evaluation payment (years 2 through 5), graduated by tier;
- retaining and requiring the implementation of new practice cost share payments, reversing USDA's regrettable administrative decision to de-emphasize new practices, contrary to law;
- retaining as the major CSP payment the enhancement payments to reward conservation systems, practices and activities that move beyond non-degradation to regenerative levels;
- continuing to invest in new tools, indicators, and indices to accelerate progress toward an outcome-based program, while encouraging the use of graduated "management intensity" factors where they would improve farmers understanding of program incentives;
- eliminating the counterproductive declining payment system adopted by administrative rules that restricts farmers to four years of payments out of ten years; and
- requiring USDA to follow existing law by directly attributing payments to real persons when implementing the CSP payment caps.

Energy Enhancements: The CSP already includes energy conservation as a priority resource concern. Incentives for on-farm energy efficiency, on-farm renewable electricity generation, and on-farm renewable fuels use should be continued. Alternative farming system approaches that result in energy conservation and reduced non-renewable input purchases should be continued and strengthened. The CSP is an ideal framework from which to address emerging energy and climate change issues. Incentives should be added to reward switching from less conserving crops to more conserving crops (such as from annuals to perennials) and for using wildlife-friendly systems and practices, when producing and harvesting biomass crop feedstocks for renewable energy. Enhancement payments could encourage farmers to try perennial biomass mixtures. "Cellulose crop-sheds" could be designated to focus CSP incentives in a way that encourages feedstock production to ramp up in concert with cellulosic ethanol facility planning.

Organic Plan Coordination: There should be a crosswalk between the National Organic Program and the CSP, with a clear mechanism created for coordinated participation in both. Producers with approved organic certification plans should have the option to simultaneously certify under both the CSP and NOP. Organic systems should be added to the field office technical guides to foster maximum environmental benefit from organic systems and facilitate the expanded use of NRCS services in meeting the needs of the steadily growing number of organic producers.

Organic Conversion and Stewardship Incentives

To assist farmers and ranchers seeking to develop more sustainable systems and sell into higher profit markets, the new farm bill should make organic conversion and stewardship incentives a priority. Both technical and financial assistance for the adoption of organic farming-based conservation systems should be included. Transition support program funding should be available to farmers converting to certified organic production, those adding additional land or livestock that will be organic-certified, and those adding conservation enhancements on existing certified organic production. The conservation technical assistance should be coordinated with business, marketing and risk management technical assistance, either through cooperative agreements with non-governmental organizations and consultants with expertise in all facets of organic conversion or through cooperation with another USDA agency that might be given responsibility for technical assistance cooperative agreements dealing with the business plans.

Easement Programs

We are quite intrigued by the Administration's Private Lands Protection Program proposal, but are not yet prepared to take a detailed position on the proposal. Our conservation policy committee is studying the proposed legislative language issued by USDA last week, and we hope to inform the committee of our views in the very near future.

Wetlands Reserve Program

The Sustainable Agriculture Coalition played a major role in the creation of the Wetlands Reserve Program (WRP) as part of the 1990 Farm Bill and it continues to be a priority for us, including the now unfortunately annual campaign to prevent the program from being capped in

the annual appropriations process. The WRP should be retained in the new farm bill, and first and foremost that means finding the funding necessary to continue the program with an enrollment directive of no less than 250,000 acres per year. If possible, it would be most advantageous to secure enough funding to front load additional acres and dollars during the first two years of the new farm bill to eliminate or at least dramatically reduce the nearly 500,000 acre backlog and allow farmers to move forward with their restoration plans without further delay. We also support a legislative fix to the appraisal problem caused by administrative rule change.

Conservation Reserve Program

We support the continuation of the Conservation Reserve Program (CRP), with the following improvements.

We support the reservation within the CRP of at least 8 million acres or 20 percent of total CRP acreage, whichever is greater, for the continuous sign-up (CCRP) and the enhancement program (CREP). The CRP should be managed to ensure that no fewer than 500,000 acres are available each year for CCRP and CREP enrollment. USDA should apply all the special incentives it currently offers for some continuous sign-up practices to all continuous sign-up practices, rather than excluding contour grass strips, wetland buffers, shelterbelts, wildlife buffers, and other specific practices.

To improve overall cost effectiveness and to encourage enrollment of highly sensitive land in high land price areas, significantly greater weight within the Environmental Benefits Index (EBI) should be given to discounted bids below local rental rates. The farm bill should require this cost effectiveness change to current practice.

With the repeated renewal of most CRP contracts, some now re-enrolling for the third consecutive 10-year period, we believe the time has come to provide a voluntary permanent or long-term easement option within the CRP. We strongly support the inclusion of permanent and long-term conservation easements on particularly sensitive land as a new option for landowners within the CRP. This measure would create a long-term savings for the taxpaying public while protecting areas that truly need to be retired from production to provide important environmental benefits. Providing long-term contracts and/or permanent easements would also provide enhanced environmental benefits since wetland and rare and declining habitat restorations gain in complexity and diversity as they mature.

Haying and grazing on CRP land should continue to be allowed, but rather than being based on a rigid national prescription, it should be based on sound science under approved conservation plans, with safeguards for protecting wildlife habitat and other CRP conservation objectives, and tailored to the local climate, ecological requirements of specific wildlife species, and other local conditions. Agriculture and resource conditions are too varied for a one-size-fits-all top down prescriptive approach.

The CRP should include incentives for landowners to allow public access to the land as part of community development plans for hiking, biking, hunting, fishing, bird watching, and other

public recreational amenities that do not conflict with the conservation objectives of the CRP conservation plan.

It is estimated that four to five million acres will leave the Conservation Reserve Program (CRP) in the next few years. A comprehensive approach is needed to deal with the transition of CRP land to agricultural production that can maximize the preservation of conservation measures established when the land was enrolled in the CRP. The new farm bill should maximize the conservation values on CRP land coming out of contract and back into agricultural production by:

- Encouraging whole field contract holders who intend to leave the CRP to consider, where appropriate, retaining partial field conservation practices and buffers through the CCRP.
- Actively promoting and facilitating enrollment of the former CRP land in the Conservation Security Program or in working land easement programs to retain many of the natural resource and environmental benefits as the land returns to agricultural production.
- Encouraging transfer of former CRP land to new organic producers to take advantage of the environmental protection afforded by organic farming systems and the ability to certify the land without the normal three year wait.
- Providing incentives to encourage retirees or non-farming heirs holding CRP contracts to make arrangements to transfer the land to beginning farmers and ranchers committed to using superior conservation systems.

Thank you for the opportunity to testify. We look forward to working with the Committee to make substantial progress to respond to the urgent needs and exciting opportunities addressed by the farm bill's conservation title. I will be happy to try to answer any questions you may have about our recommendations or related issues.

Statement of Senator Robert Menendez
Before the Senate Agriculture Committee
Healthy Farms, Foods, and Fuels Act
May 1, 2007

M. Chairman, thank you for inviting me here today to discuss the Healthy Farms, Foods, and Fuels Act of 2007. As you work to develop this year's Farm Bill, I hope you will consider including some of the very important components of this legislation.

The Healthy Farms bill is crucial because we have a tremendous opportunity this year to set a healthier course for American agriculture. To allow our farmers, ranchers, and foresters to thrive while giving them the tools they need to meet our environmental and energy challenges; to open up new markets and opportunities for our small farmers; and to provide consumers and schoolchildren with more fresh fruits and vegetables; and make it easier for low-income Americans and the elderly to have access to healthier foods.

Like all legislation, a Farm Bill is a statement of priorities and of values. And the Healthy Farms, Foods, and Fuels Act embodies many of the priorities and values that I believe we as a nation should be focused on.

Although many people are not aware of New Jersey's thriving agricultural sector, the fact is that we are the Garden State, and a healthy agricultural sector nationwide – one that addresses the needs of all of our farmers, whether they grow corn in the Midwest or blueberries in the Mid-Atlantic – is essential for New Jersey to remain the Garden State.

However, New Jersey's farmers are under a tremendous amount of pressure. They operate in a very high-cost environment, and see development encroaching on their farms from all sides. Conservation programs are crucial to the survival of agriculture in the Garden State and to the protection of sensitive wetlands and animal habitats. That's why the Healthy Farms bill increases funding and expands eligibility for the Environmental Quality Incentives Program, Conservation Reserve Program, Conservation Security Program, Farmland and Ranchland Protection Program, Wetlands Reserve Program, and Wildlife Habitat Incentive Program.

New Jersey's farmers are also among the most prolific in the country in growing fruits and vegetables, yet they are often just a few miles from distressed communities where children struggle for access to nutritious food. The Healthy Farms bill expands the Fresh Fruit and Vegetable Program to schools in all states, giving more children access to healthy snacks. The bill also expands the Farmers Market Promotion Program, and provides additional funding for programs that allow seniors and low-income families to obtain food at farmers markets. Not only do these programs help people eat healthier, they provide an additional market for local farmers.

This is, of course, just the start of the conversation. As we move forward this year, I believe we must work together on issues of farm profitability, entrepreneurship and innovation, toward a Farm Bill that emphasizes flexibility, efficiency and equitable distribution of government programs. This will help to ensure success for our farm family enterprises and the wider

community of Farm Bill beneficiaries, both large and small, near urbanized areas and in more rural settings, throughout all regions of the country.

Ideally, an emphasis on the diversity of agricultural and related businesses, their interaction with the citizens who are their ultimate customers, and the role these enterprises play in addressing issues of nutrition, hunger and economic growth throughout our nation will join with conservation and environmental issues to form a comprehensive Farm Bill that will serve the nation well for the next five years and beyond.

M. Chairman, thank you for the opportunity to be here today, and for focusing on this important aspect of our agriculture policy.

TESTIMONY OF

JULIE M. SIBBING
SENIOR PROGRAM MANAGER
AGRICULTURE AND WETLANDS POLICY

NATIONAL WILDLIFE FEDERATION

REPRESENTING THE VIEWS OF

THE NATIONAL WILDLIFE FEDERATION
AND
THE AGRICULTURE AND WILDLIFE WORKING GROUP

BEFORE THE

COMMITTEE ON AGRICULTURE,
NUTRITION, AND FORESTRY

ON

2007 FARM BILL CONSERVATION PROGRAMS

MAY 1, 2007
RAYBURN SENATE OFFICE BUILDING
WASHINGTON, DC

Mr. Chairman and distinguished members of the Committee, my name is Julie Sibbing. I am the Senior Program Manager for Agriculture and Wetland Policy for the National Wildlife Federation. The National Wildlife Federation is America's largest wildlife conservation organization, representing more than 4 million members and supporters throughout the United States and 47 affiliated state and territorial conservation organizations. My testimony today will represent those of my organization, as well as those of the Agriculture and Wildlife Working Group, of which NWF is an active member.

Over the past two years, the AWWG partners, made up of 16 of our country's leading hunting, fishing, and conservation organizations, has worked to outline goals and recommendations for the future of agriculture conservation programs. We received input from America's farmers, ranchers, foresters, U.S. Department of Agriculture personnel, Congressional staff, and resource professionals with state and federal agencies. As a result of this effort, participating organizations in AWWG reached consensus on a set of recommendations, and released a report entitled *Growing Conservation in the Farm Bill.* I am entering that publication into the record as part of my testimony. Organizations represented by the AWWG include:

Association of Fish and Wildlife Agencies * American Sportfishing Association
Ducks Unlimited * Izaak Walton League of America
Max McGraw Wildlife Foundation * North American Grouse Partnership
National Wildlife Federation * Pheasants Forever * Quail Forever
Quail Unlimited * Ruffed Grouse Society * The Nature Conservancy
The Wildlife Society * Theodore Roosevelt Conservation Partnership
Trout Unlimited * Wildlife Management Institute

This unprecedented collaboration, collectively representing millions of conservation minded citizens across the country, has led to solid recommendations for conservation programs in the 2007 Farm Bill. Our groups feel strongly that conservation programs provide substantial, and broad benefits that justify their continuation and expansion in the 2007 Farm Bill. I will attempt to briefly summarize the AWWG recommendations today.

Conservation Reserve Program (CRP) - The CRP has overwhelmingly proven its worth since its inception 20 years ago. The program has protected an estimated 36.7 million acres. By setting aside these often-marginal and highly erodible lands, the CRP has reduced cropland soil loss by 450 million tons per year, sequestered 48 million tons of carbon, produced 13.5 million pheasants per year, and supported 2.2 million ducks annually– just in the Prairie Pothole Region. It is estimated that the program provides $122 million each year through migratory waterfowl hunting, $392 million in runoff reduction benefits per year and $629 million in wildlife viewing activity per year.

The AWWG recommends that the CRP be expanded to 45 million acres.

Wetlands Reserve Program (WRP) - WRP is the nation's largest wetland conservation program, with more than 1.7 million acres of wetlands and associated uplands protected to date. The program has provided excellent habitat for fish and wildlife, as well as increased ground-water recharge, carbon sequestration, and treatment of polluted runoff. The program is also

extremely popular with producers who are able to take unproductive wet areas out of production and restore them to a useful purpose as wetlands. Unfortunately, three times as many producers have been interested in the program as have been accepted for enrollment. As of 2005, there was a backlog of nearly a half a million acres.

The AWWG supports reauthorizing the WRP program and raising its annual enrollment level from 250,000 to 300,000 acres.

Grasslands Reserve Program (GRP) - The GRP has an enormous potential to help conserve one of America's most endangered ecosystem, our native grasslands, while maintaining these areas for grazing use. More than 900,000 acres have been enrolled in the program to date. But in 2004, 9,000 applications for 6.2 million acres of land went unfunded.

The AWWG supports increasing the GRP to 2 million acres per year, requiring that a minimum of 60 percent of these agreements be in the form of long term easements, and incentives for enrollment of remaining large tracts of native grasslands.

Wildlife Habitat Incentives Program (WHIP) - The AWWG supports a gradual increase in WHIP funding from $100 million to $300 million over the course of the 2007 Farm Bill, with a significant portion of these new funds dedicated to aquatic restoration activities, including instream habitat improvement projects. We also support increased incorporation of states, municipalities and non-government organizations in delivering and managing WHIP.

Sodsaver - The current agriculture safety net provides substantial price support and risk protection to crop producers which make crop production economically viable even where yields are consistently poor. The reduction in economic risk for crop production, combined with advances in herbicides and genetically modified crops provides incentives to break new ground – even where that ground is not likely to be productive.

Along with strengthening Swampbuster and Sodbuster compliance provisions, the AWWG supports adoption of a "Sodsaver" provision in the 2007 farm bill whereby noncropland that is converted to cropland is made ineligible for any federal benefit, including but not limited to price and income support payments, crop insurance, disaster payments, conservation program enrollment, and FSA farm loan benefits.

Access - The AWWG supports inclusion of a new provision in the 2007 Farm Bill to provide $20 million per year in grants to fund state-managed voluntary public access programs. Program funds shall be used to enhance fish and wildlife management and improve recreational opportunities on land enrolled in farm bill conservation programs. AWWG also supports providing a higher enrollment priority to conservation program applications that include a public access component. We believe giving producers opportunities to voluntarily provide access to hunters and anglers will greatly increase support for Farm Bill programs and strengthen the alliance between producers and conservationists.

Forestry - Two-thirds of our nation's forests are located on private land, with the vast majority in the hands of families and individuals. More than one million acres of intact forests are

converted to development every year. Yet programs to assist farmers in keeping forestland in forest cover and in managing their forests to improve forest health and value for wildlife are quite small compared to the need for such assistance.

The AWWG supports increased technical assistance, education, and outreach to forest landowners through existing programs such as the Forest Stewardship Program and others that provide much needed funding for cost-sharing of forest management practices on private lands. We also support increased funding for the Healthy Forests Reserve Program and inclusion of a permanent easement option.

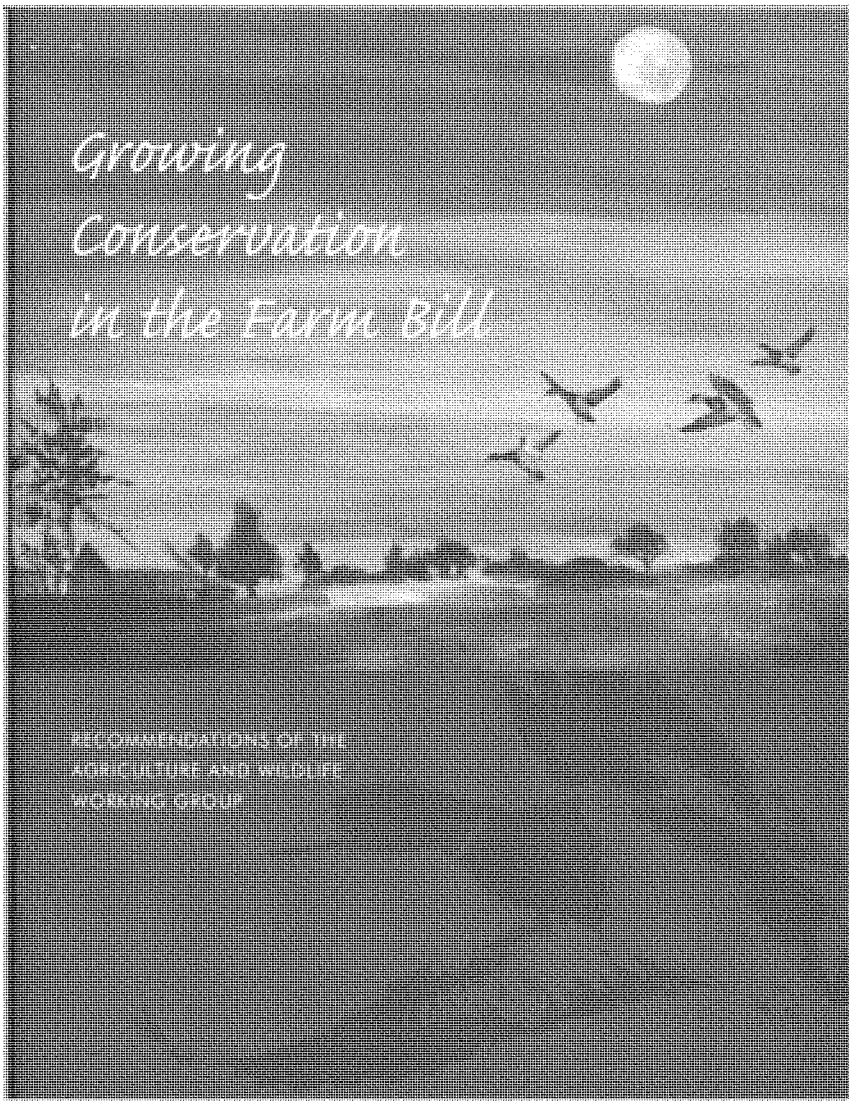
Conservation Security Program (CSP) - The AWWG supports reauthorization of CSP with improvements to ensure that the program provides increased, measurable and consistent benefits for fish and wildlife conservation. CSP should require fish and wildlife habitat components for all program tiers and require that NRCS engage federal and state fish and wildlife agencies and non-government conservation organizations when developing fish and wildlife and habitat criteria and assessments. CSP should enhance other USDA conservation programs and not replace or reduce their funding.

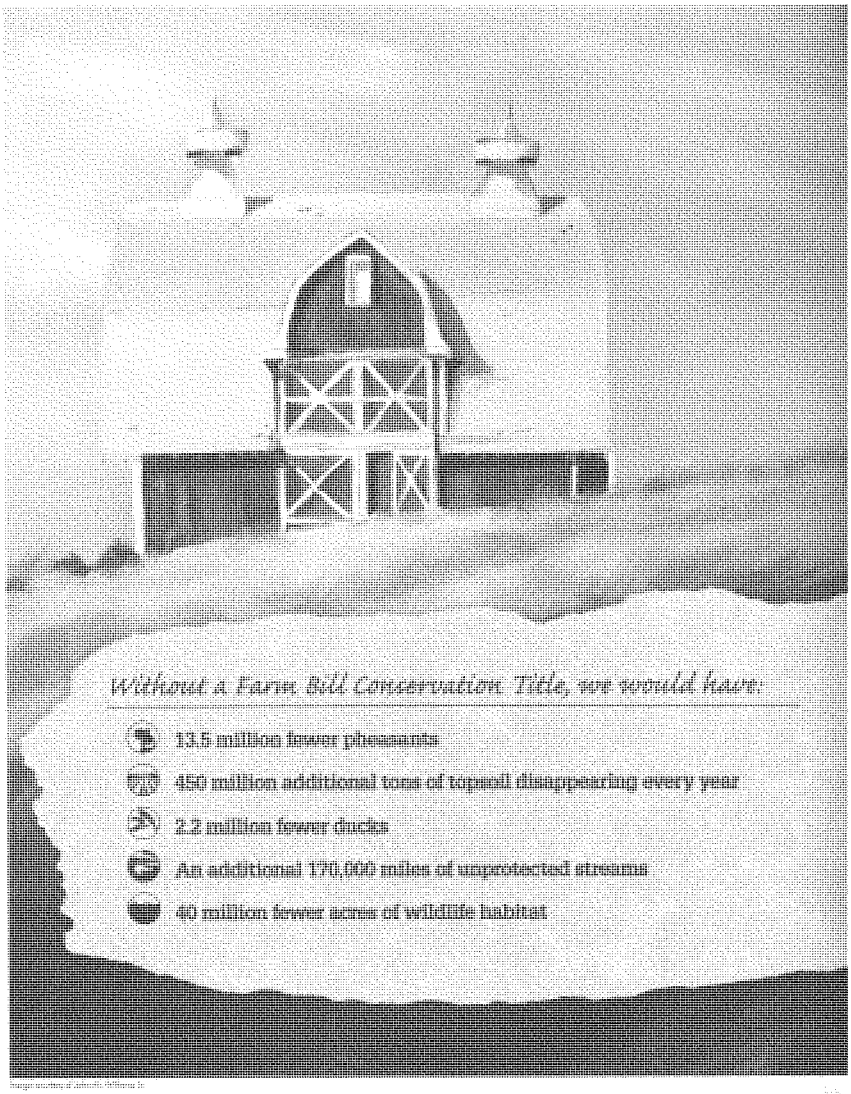
Farm and Ranchland Protection Program (FRPP) - The AWWG supports reauthorization of FRPP at $300 million per year and provisions that: eliminate restrictions on forest land participation, allow for transfer of water rights on enrolled lands, and allow for landowners to prohibit non cropland conversion on easement lands.

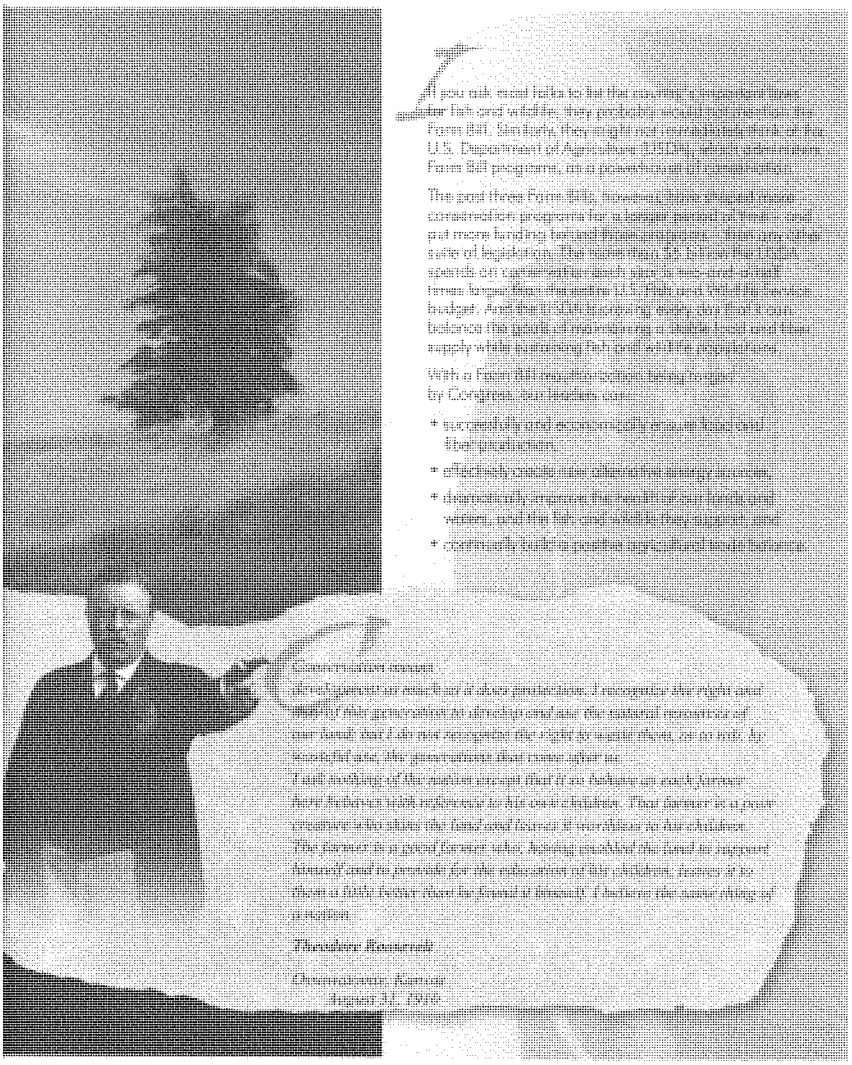
Environmental Quality Incentives Program (EQIP) - The AWWG supports reauthorization of EQIP, with an increased allocation percentage for fish and wildlife practices, and increased opportunities for private forestland owners. The AWWG also supports a requirement that that any water saved as a result of a conservation practice remain instream. EQIP funding should be allowed only for eligible practices that do not adversely impact wetlands, riparian zones, streams,

Biofuels and Renewable Energy - The AWWG supports research and development funding to promote the next generation of biofuels and renewable energy technology based on sustainable polycultures that are consistent with fish, wildlife, soil, nutrient management and water conservation goals. The Energy Title of the 2007 Farm Bill should be used to promote the next generation of biofuels and renewable energy.

On behalf of the National Wildlife Federation and the AWWG, I thank you for the opportunity to share with you our collective desires for the future of conservation. We look forward to working with you and the other members of the Committee to develop and support a comprehensive array of strong conservation policies and programs in conjunction with the 2007 Farm Bill that will continue and build on the legacy and framework of federal policies and programs supporting natural resource conservation that has been started. Thank you for the opportunity to testify here today.


Growing
Conservation
in the Farm Bill
RECOMMENDATIONS OF THE
AGRICULTURE AND WILDLIFE
WORKING GROUP


Without a Farm Bill Conservation Title, we would have:
13.5 million fewer pheasants
450 million additional tons of topsoil disappearing every year
2.2 million fewer ducks
An additional 170,000 miles of unprotected streams
40 million fewer acres of wildlife habitat



If you ask most folks to list the country's important issues, fish and wildlife, they probably would not mention the Farm Bill. Similarly, they might not remember that the U.S. Department of Agriculture (USDA), which administers Farm Bill programs, is a powerhouse of conservation.

The past three Farm Bills, however, have created more conservation programs for a longer period of time and put more funding toward those programs than any other suite of legislation. The more than $5 billion the USDA spends on cattle ranches each year is two and a half times larger than the entire U.S. Fish and Wildlife Service budget. And the USDA is ongoing work on the farm to balance the goals of maximizing a stable food and fiber supply while sustaining fish and wildlife conservation.

With a Farm Bill reauthorization being brought by Congress, our focus is on:

+ successfully and economically meet food and fiber production;
+ effectively provide new alternative energy sources;
+ dramatically improve the health of our lands, our waters, and the fish and wildlife they support; and
+ continuously build a positive agricultural legacy.

Conservation means development as much as it does protection. I recognize the right and duty of this generation to develop and use the natural resources of our land; but I do not recognize the right to waste them, or to rob, by wasteful use, the generations that come after us.

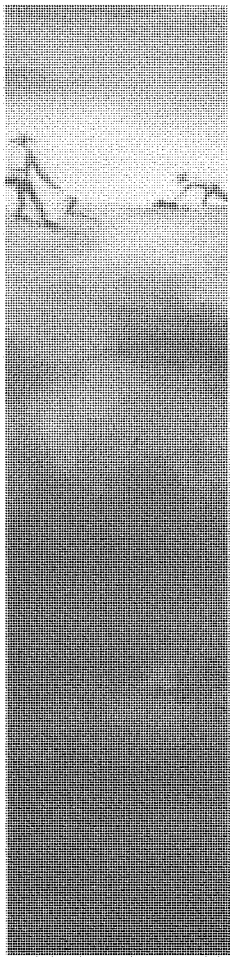
I will tell anything of the nature of man that if we behave as each farmer does behave with reference to his own children. That farmer is a poor conservator who uses the land and leaves it worthless to his children. The farmer is a good farmer who, having enabled the land to support himself and to provide for the education of his children, leaves it to them a little better than he found it himself. I believe the same thing of a nation.

Theodore Roosevelt

Osawatomie, Kansas
August 31, 1910

Table of Contents

Executive Summary	5
Introduction	6
Forces Shaping the 2007 Farm Bill	7
America's Changing Landscape	8
The Farm Bill Conservation Title	9
Conservation Reserve Program (CRP)	11
Environmental Quality Incentives Program (EQIP)	14
Wildlife Habitat Incentives Program (WHIP)	16
Wetlands Reserve Program (WRP)	18
Grassland Reserve Program (GRP)	22
Conservation Security Program (CSP)	24
Farm and Ranch Lands Protection Program (FRPP)	25
Forest Conservation and Management	26
Additional Farm Bill Conservation Priorities	27
Biofuels, Biomass, and Other Energy Sources	32
Open Fields	34
Conclusion	35



Cover and image at right courtesy John M. Williams Jr. www.jmwaterfalls.com, 215-493-0434
Report layout and design by Randy Sakly, Big Prints Plus, bigprints@blackfoot.net, 406-541-2499
Report project management by Tim Zink, TRCP Director of Communications, tzink@trcp.org, 202-454-4625
Special thanks go to Lynn Teerdsma, USDA/TRCP, for his work on this report.

Executive Summary

Since the mid-1980s, when funding for fish and wildlife habitat protection first found its way into the federal Farm Bill, America's farmers, ranchers, and forest owners have been reaping a harvest that is valued far beyond the production of traditional crops. More than 1.5 million participate in Farm Bill conservation programs. By growing conservation, these Americans, who operate nearly 2.1 million farms, have helped populations of fish and wildlife for future generations. They are working to leave things, as T.R. once implored them to do, better than they found them.

Thankfully, through the years, the conservation ethic of farmers, ranchers, and forest owners has continued to grow, along with the federal funding devoted to fish and wildlife habitat. This funding is a crucial component of any national conservation strategy, because incentive-based conservation and land-stewardship programs are successful only if private landowners have the economic means to place them on their property. And this funding has helped amass a record of success that provides us with a crystal-clear rationale for expanding the Conservation Title in the next Farm Bill.

These programs provide an exceptional return on the investment provided by the American public. For example, America's most successful conservation program, the Conservation Reserve Program, is credited with saving 450 million tons of topsoil every year and protecting more than 170,000 miles of streams. It also is credited with generating some 13.5 million pheasants each year, according to new research commissioned by Pheasants Forever. Other Farm Bill conservation programs have led to similar increases in populations of species like salmon and turkeys. Collectively, Farm Bill conservation programs can work in unison to protect not only our future – but the future of generations to come – one acre at a time.

... modest increases in our national conservation investment can yield the greatest returns.

It must be noted that conservation funding does not simply boost fish and wildlife populations. It also triggers a host of additional socioeconomic benefits, including expanded opportunities to reinvigorate our dwindling sporting heritage. This, in turn, fuels robust state and local economies, which benefit from the $70 billion annual economic contribution of hunters and anglers, which, if weighed against the companies on the Fortune 500 list, would rank #11. Hunting and angling also support more than a million American jobs, far more than Wal-Mart, the country's largest employer.

The Farm Bill conservation programs profiled in this report all deserve to be reauthorized and expanded. Examined together, it becomes clear that these programs are woefully under-funded — in Fiscal Year 2004, for example, 3 out of every 4 applications to participate in Farm Bill conservation programs administered by the Natural Resources Conservation Service (NRCS), a branch of the USDA, were rejected due to lack of funds. Put differently, more than 8 of every 10 dollars requested were denied because of funding shortfalls.

This said, each program in this report could benefit from increases in effectiveness. None of the improvements suggested within represent whole-scale changes. Rather, many of the recommendations pinpoint the places where modest increases in our national conservation investment can yield the greatest returns.

Introduction

Many of the country's foremost hunting, fishing, and conservation organizations care about improving Farm Bill programs designed to enhance the quality of our lands and waters.

The groups whose logos you see on the back cover met for the last two years within the Theodore Roosevelt Conservation Partnership's Agriculture and Wildlife Working Group (AWWG) to analyze these programs and identify ways to improve their efficacy.

Never before have so many organizations come together with such a goal. It is through the foresight and generosity of the Joyce Foundation, the McKnight Foundation, and the Max McGraw Wildlife Foundation, which provided not only financial support but the use of its headquarters to host working group meetings, that this collaboration was possible.

The following pages contain a detailed outline of the Agriculture and Wildlife Working Group's priorities and recommendations, each of which were shaped with an eye toward the needs of those who own and work the land. The outline encapsulates the findings of more than 20 white papers authored by leading policy experts, each of which dissected aspects of U.S. agricultural policies and sought ways to increase their benefits to fish and wildlife – and their utility to working farmers, ranchers, and forest owners.

AWWG members met several times over two years at the Max McGraw Wildlife Foundation headquarters in Illinois to craft the recommendations included in this report. The AWWG extends its deepest thanks to the foundation for helping make this work possible.

Conservation must become a new priority commodity.

Of paramount concern to the AWWG is that the needs of working farmers, ranchers, and forest owners be met, especially because they now face a never-before-seen host of challenges.

- Ongoing international negotiations and pending lawsuits may result in Farm Bill Commodity Title modifications that reduce direct cash payments to agricultural commodity sectors.
- Increasing demand for ethanol and resulting higher commodity prices are skewing historical corn and other commodity crop bushels and acreages required to balance food, feed, fuel, and export needs.
- National press coverage that targeted certain Commodity Title program payments as "abuses" and "unnecessary" may result in scaled-back cash subsidies.
- Since 2005, dramatic cost increases for fuel, fertilizer, and chemicals are reducing agriculture's profitability.
- The federal budget climate has become more contentious as the multi-billion-dollar surplus present during the debate on the 2002 Farm Bill has turned into a deficit as this Farm Bill debate accelerates.

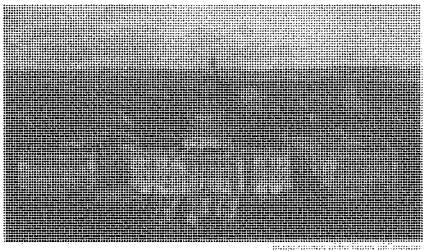
On a positive note, the AWWG recognizes that conservation is ascending rapidly to a new level of prominence and is now widely seen as a stong influence in sustaining a healthy rural America.

- Providing economic assistance to agricultural producers and forest owners through land stewardship and conservation incentives is much more likely to comply with international trade agreements.
- Conservation payments recently have been distributed more evenly across the agricultural and forest landscape to smaller and mid-size farming operations than have been Commodity Title payments.
- Sound conservation program enrollment options provide farmers, ranchers, and forest owners with viable alternatives to placing expensive inputs on marginal and fragile lands to boost crop production.
- Taxpayers perceive greater personal benefits, such as cleaner water and an improved environment, from their tax dollars invested in conservation programs.

These realities combine to give rise to a fresh one:

Conservation must become a new priority commodity.

Forces Shaping the 2007 Farm Bill



No policy is formed in a vacuum, and the next Farm Bill will be no exception. The following issues will influence the formulation of any broad-scale legislation.

War

The international war on terror affects all supplemental spending in the domestic budget.

Globalization

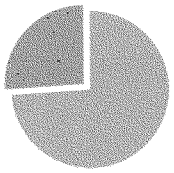
As international trade quickens and national borders blur, U.S. agricultural policy needs to shift rapidly to keep apace. In lieu of the long tradition of authorizing cash commodity crop payments, lawmakers and trade experts are examining incentives for land, fish, and wildlife stewardship that are compliant with international trade agreements. Effective incentive-based conservation practices can provide economic gains that simultaneously advance agricultural economies, protect our soil and water, and benefit fish, wildlife, and habitat.

Energy Security

Recognizing our reliance on foreign sources to meet many of our domestic energy demands -- and the increasing instability of many of those sources -- the U.S. faces an unprecedented need to develop domestic energy resources. The opportunity inherent in this circumstance is that America's farmers, ranchers and forest owners can help meet these demands. An increased national investment in biofuels, biomass production, and alternative energy sources works toward the goals of a secure homeland --- and Heartland. But we need to be extremely careful to not erase the significant wildlife and habitat gains made during the past two decades by shortchanging or misusing conservation programs along the way.

Budget Demands

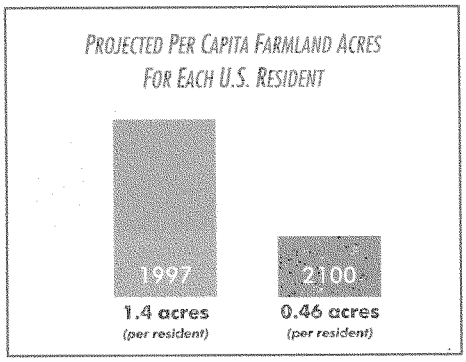
Those who decide national budgets always are pulled in many different directions when determining the country's priorities. Unfortunately, popular and effective Farm Bill conservation programs have been inequitably targeted for budget reductions. For example, in 2004, only one in every four applications for conservation programs was funded (see below).

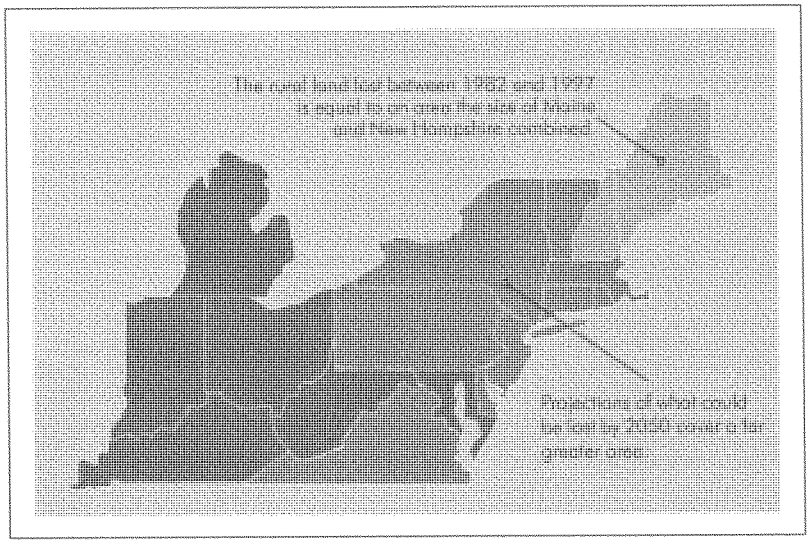


Source: NRCS* 2004 Total Applications for EQIP, FRPP, GRP, WHIP, and WRP program

America's Changing Landscape

Since 1970, the United States has been losing rural land at the rate of two acres per minute. This brings our annual total loss to 1 million acres per year, meaning that while in 1997 there were 1.4 acres available to grow grains and other crops for each U.S. resident, in 2100 there may be less than one-half-acre to feed and clothe each of us. We also are annually losing approximately 1 million acres of forest. An estimated total 44.2 million acres of forestland is expected to feel substantial increases in housing density by 2030. This trend greatly increases the pressures we place upon our dwindling agricultural lands – and the farmers, ranchers, and forest owners who tend them.





The Farm Bill Conservation Title

The 2002 Farm Bill included more than $17 billion in funding for programs designed to promote environmental quality and fish and wildlife habitat. This funding helped improve the integrity of more than 45 million acres of the American landscape.

While recognizing the ongoing contributions and tremendous potential of all the programs included in the Farm Bill Conservation Title, the AWWG has focused its analysis on the following voluntary initiatives. The results of this analysis are found in the following pages.

Conservation Reserve Program (CRP)

CRP encourages farmers to plant ground covers to improve soil, water, and wildlife resources. Because of its incredible contributions to habitats for waterfowl, upland birds, wild turkeys, and many other wildlife species, CRP has become a favorite of many in the sportsmen's community. Filter strips and riparian buffers installed under CRP also protect water quality by reducing sedimentation and chemical runoff.

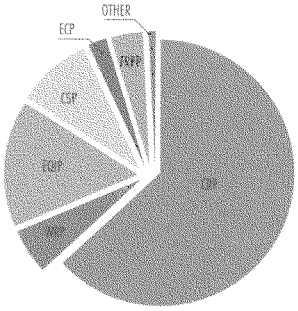
An important component of the CRP is the Conservation Reserve Enhancement Program (CREP), which forges partnerships that allow participants to receive incentives for installing conservation practices identified by individual states.

Environmental Quality Incentives Program (EQIP)

EQIP shares costs with farmers and ranchers for installing a host of conservation measures, including those to improve animal waste and irrigation water management, emissions reductions, fish and wildlife habitat, and soil erosion and sediment controls.

Estimated Overall Payments by Conservation Program, Calendar Year 2005

CRP	Conservation Reserve Program	$1,822,680,000
WRP	Wetlands Reserve Program	$160,686,000
EQIP	Environmental Quality Incentives Program	$443,929,000
CSP	Conservation Security Program	$206,053,000
ECP	Emergency Conservation Program	$65,478,000
FRPP	Farm and Ranch Lands Protection Program	$112,442,000
OTHER	Other Conservation Payments	$21,711,000



The Farm Bill Conservation Title *(continued)*

2005 USDA Budget

($ Millions)

Less than 5% of all 2005 USDA spending is to help farmers, ranchers, and forest owners with their conservation needs.

Cons.	Conservation Spending	$5,178
FSA	Farm Service Agency	34,529
RM	Risk Management	3,014
FAS	Foreign Agricultural Service	5,375
RD	Rural Development	14,278
FNS	Food, Nutrition, and Consumer Services	51,036
FSIS	Food Safety and Inspection Service	928
FS	Forest Service	5,538
APHIS	Animal and Plant Health Inspection Service	1,128
AMS	Agriculture Marketing Service	79
Sec. 32	Section 32 Funds	471
GIPSA	Grain Inspection, Packers and Stockyards Administration	74
ARS	Agriculture Research Service	1,309
CSREES	Cooperative State Research, Education, and Extension Service	1,184
ERS	Economic Research Service	74
NASS	National Agriculture Statistics Service	128
Other	USDA - Other Activities, including Office of Civil Rights, Office of Inspector General	$55
Total		$124,878

Wildlife Habitat Incentives Program (WHIP)

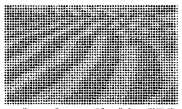
WHIP helps farmers plant high-quality fish and wildlife habitats that support healthy wildlife populations. While most Farm Bill programs are directed exclusively toward agricultural operations, WHIP can be used by landowners whose primary interest is fish and wildlife management.

Wetlands Reserve Program (WRP)

WRP offers landowners payments for protecting, restoring, and enhancing wetlands on their properties. Mindful that wetlands and surrounding grasslands provide quality habitat for migratory birds and other wildlife, protect grasslands, help recharge ground water, and reduce flood damages, the program's goals are to achieve the greatest wetlands functions and values, along with optimum wildlife habitat.

Grassland Reserve Program (GRP)

GRP helps farmers protect and restore grasslands while maintaining the areas as grazing lands. The program focuses on promoting biodiversity in areas facing possible conversion to cropping, urban development, and other threats.



Land enrolled in GRP.

Conservation Security Program (CSP)

CSP rewards farmers, ranchers, and forest owners who meet established standards of conservation and environmental management on working cropland. It seeks to reward the best and motivate the rest by providing incentives to those who maintain and enhance natural resources.

Farm and Ranch Lands Protection Program (FRPP)

FRPP helps farmers and ranchers keep their land in agriculture. The program provides matching funds to assist the purchase of conservation easements.

Conservation Reserve Program (CRP)

CRP dates to 1985 when President Reagan signed the Food Security Act, a new type of law intended to reverse the declining economic – and natural – environment on the American farm.

CRP offers annual cost-share assistance and rental and incentive payments to establish approved cover crops on eligible cropland.

The Commodity Credit Corporation makes assistance available for up to half of the participants' costs in establishing approved covers. Contracts last 10 or 15 years.

CRP BY THE NUMBERS:

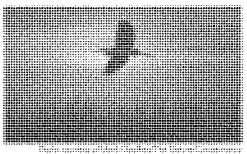
- As of November 2006, more than 36.7 million acres are in CRP.
- In FY 2006, the Farm Service Agency (FSA) issued $1.8 billion in CRP annual rental payments nationally.
- CRP has reduced the annual cropland soil loss by about 450 million tons – enough to fill about 37.5 million dump trucks.
- As of November 2006, more than 767,000 CRP and CREP contracts covered land on 435,000 farms.

CRP provides the following annual dollar value:

- Soil productivity benefits – $162 million
- Hunting migratory waterfowl – $122 million
- Reducing runoff from fields – $392 million
- Wildlife viewing – $629 million

Through CRP, farmers and ranchers partnering with the federal government and others have protected and enhanced the environment by helping:

- Restore 2 million acres of wetlands and adjacent buffers;
- Protect 170 thousand miles of streams;
- Sequester 48 million tons of carbon dioxide;
- Produce 13.5 million pheasants each year;
- Safeguard water supplies for New York City; Columbus, Ohio; Raleigh, North Carolina; and more than 40 rural towns in Missouri through CREP; and
- Support 2.2 million ducks per year in the Prairie Pothole Region, about which you will read more in the pages to come.

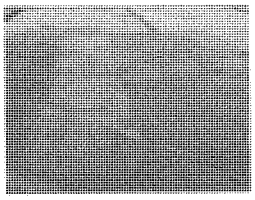


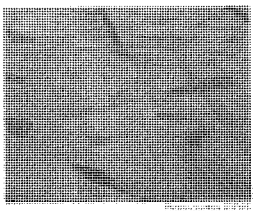
AGRICULTURE AND WILDLIFE WORKING GROUP RECOMMENDATIONS FOR THE CRP:

1. Reauthorize CRP at an acreage cap of 45 million acres, as was originally authorized.
2. Ensure continued enrollment opportunities, including regularly scheduled general CRP signups, Continuous CRP signups, and additional signups for the CREP. In recent years, general CRP signups have not been conducted consistently. For forests, expand existing continuous enrollment and enhance incentives to include longer contracts for bottomland hardwood forests, longleaf pine, and other priority forest types.
3. Use the State Wildlife Action Plans as a tool (see sidebar on page 16) for linking CRP for priority species.
4. Link the CRP enrollment process with other major national wildlife initiatives, including the North American Waterfowl Management Plan, Northern Bobwhite Conservation Initiative, Sage Grouse and Prairie Grouse Conservation Plans, National Fish Habitat Action Plan, and Partners in Flight, to ensure that CRP acres will be enrolled where they have the most value.
5. Continue to support existing priority areas.
6. Increase the emphasis of Continuous CRP, a sub-program of the CRP, on fish and wildlife. This is particularly important in regions containing rare and declining habitats that are characterized by high land values or substantial irrigated cropland, since general CRP enrollments rarely function well in these areas. Continuous CRP is designed to focus on environmentally sensitive areas and is better suited to address their needs.
7. Authorize an annual CRP rental rate review and timely adjustment to ensure CRP rental rates are competitive and accurately reflect local rates.
8. Use mid-contract management, including site visits from USDA personnel, to ensure that wildlife benefits continue throughout the life of CRP contracts. How and how often mid-contract management is used should be tailored to each state and based on wildlife needs.

Conservation Reserve Program *(continued)*

9. Cropland eligibility criteria for enrollment in CRP and CREP should include the requirement that the cropland was planted or considered planted to an agricultural commodity during four of the six years in1996 through 2001.
10. On land enrolled in CRP, only permit managed haying and grazing using methodology that preserves the soil, water, and wildlife values of the land. Specifically, haying and grazing should be done outside the nesting and brood-rearing seasons for ground nesting birds found in the area and at intervals compatible with wildlife needs.
11. For forests, enhance cost-share assistance under CRP for mid-contract management activities, such as prescribed fire and competition/invasives control, and for restoration of native understory vegetation, where appropriate.
12. The CRP, and its existing priorities to conserve and improve the soil, water, and wildlife resources of enrolled land, shall not be compromised under the 2007 Farm Bill for any reason, including biofuels production.





The healing powers of CRP are seen in these before-and-after pictures of a stretch of prairie recently enrolled in the program.

CUTTING CRP WOULD PROVE COSTLY

In September 2006, the results of a study, "Analysis of the Economic Impacts on the Agricultural Sector of the Elimination of the Conservation Reserve Program," were released by the Agricultural Policy Analysis Center (APAC) at The University of Tennessee.

APAC estimated that if CRP contracts are eliminated as they expire, 77 percent, or more than 32.7 million acres, will return to crop production by 2015.

APAC estimates that returning land enrolled in CRP to crop production will result in:

- Three major crops (wheat, corn, soybeans) losing at least $6.8 billion in net another returns in 2015;
- Producing pressures for the eight major program crops rising nearly 24 percent, or $5.6 billion, over 1996/01 estimates for farm program spending; and
- An additional cost to the government of $32.8 billion by 2015.

APAC predicts that increasing the CRP will have significant positive effects on net farm income:

- Reaching the 39.2 million acre enrollment cap (authorized in 2002 Farm Bill) by 2015 raises net farm income by $600 million;
- Results in a net savings in farm program spending to the treasury for the period 2007-2015 of $6.3 billion;
- CRP enrollment of 45 million acres (APAC recommendation for the 2007 Farm Bill) by 2015 raises net farm income by $1.7 billion; and
- Results in a net savings in farm program spending to the treasury for the period 2007-2015 of $12.7 billion.

Crop prices increased significantly after the report was published, moving that if farm income increases, farm spending rises by nearly 1% of income. A substantial reduction of area enrolled in the CRP or elimination of the program, however, would dramatically reduce crop prices leading to increased commodity crop production on the CRP acres.

Environmental Quality Incentives Program (EQIP)

EQIP originally was authorized in the 1996 Farm Bill and was reauthorized in the 2002 Farm Bill. It is the USDA's primary cost-share program for assisting farmers and ranchers seeking to meet conservation needs for soil, water, wetlands, and wildlife on working croplands and rangelands. It covers up to 75 percent of the costs of certain conservation practices for up to three years to encourage producers to manage lands better than they may have done without the incentive. And some producers with limited resources and beginning farmers may qualify for cost-shares of up to 90 percent.

EQIP's National Priorities Include Reducing:

- Non-point source pollution, such as nutrients, sediment, pesticides, or salinity in impaired watersheds;
- Groundwater contamination and point-source pollution, such as effluent from confined animal feeding operations;
- Particulate matter, nitrogen oxides, volatile organic compounds, and ozone precursors and depleters that contribute to air quality impairment violations of National Ambient Air Quality Standards;
- Sedimentation and erosion; and
- Threats to at-risk species.

EQIP by the Numbers:

In 2005, EQIP assistance totaled $991.9 million, for practices including:

- Fish pond management – 34 sites
- Declining habitat restoration and management – 107 acres
- Shallow water management for wildlife – 1,381 acres

In 2004, farmers and ranchers filing more than $2.2 billion in applications did not receive assistance.

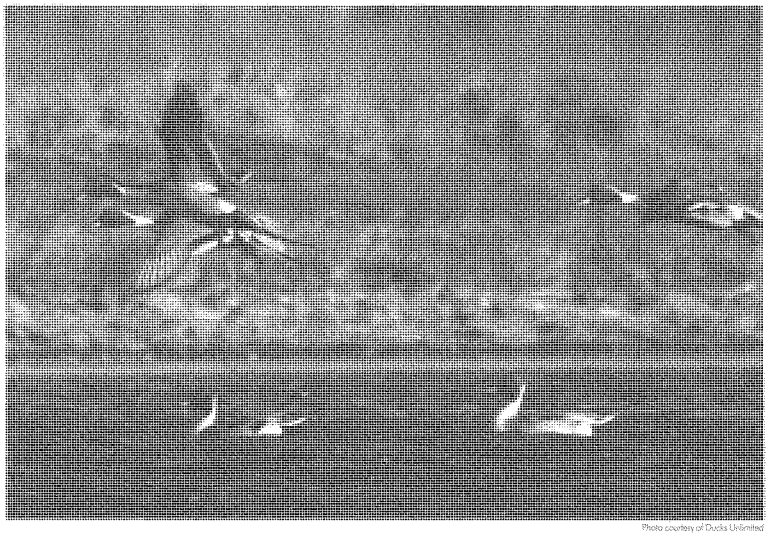


Photo courtesy of Ducks Unlimited

Environmental Quality Incentives Program (continued)

- Stream habitat improvement and management – 2,320 acres
- Upland wildlife habitat management – 1,345,495 acres
- Wetland restoration – 9,582 acres
- Wetland wildlife habitat management – 26,097 acres
- Wildlife watering facilities – 35 sites

While highly effective, EQIP is dramatically under-funded.

In 2004, farmers and ranchers filing more than $2.2 billion in applications did not receive assistance.

AGRICULTURE AND WILDLIFE WORKING GROUP RECOMMENDATIONS FOR THE EQIP:

1. Reauthorize EQIP at no less than current levels.
2. Require that a percentage of EQIP funds are spent on restoration and protection of at-risk fish and wildlife species.
3. Expand cost-share opportunities for forest landowners.
4. To ensure that cost-share and rental rates are fair and equitable, require a bi-annual review and revision of County Average Costs and County Average Rental rates.

   This will ensure that EQIP remains affordable in the face of ever-fluctuating expenses for things like fuel and construction.
5. Require that any water saved through conservation practices remain instream or contribute to increased groundwater flow (*for more information, see sidebar at right*).
6. Add "lands adjacent to streams and rivers" to the definition of eligible lands in EQIP.
7. Increase EQIP cost-share payments from 75 to 90 percent for projects that result in increased in-stream flows or for projects that improve habitats for threatened or endangered species.
8. EQIP funding should be allowed only for eligible practices that do not adversely impact wetlands, riparian zones, streams, native grasslands, and other environmentally sensitive areas.

MAKE EVERY DROP COUNT

[illegible]

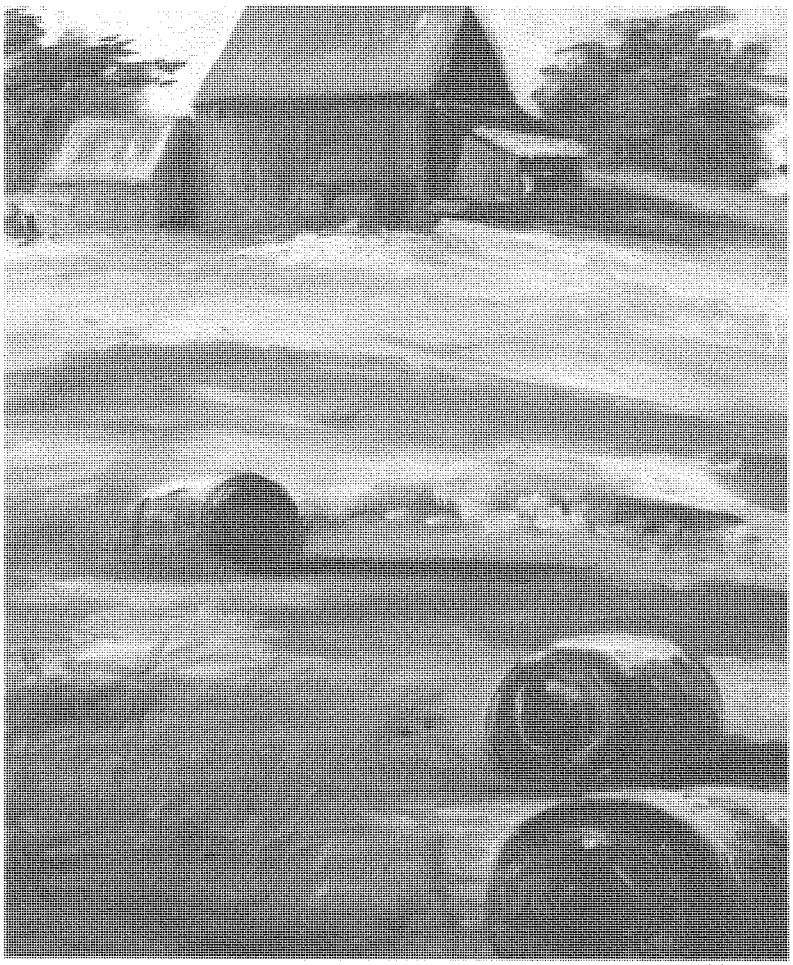


Image courtesy of John M. Williams Jr.

Wildlife Habitat Incentives Program (WHIP)

WHIP was authorized in the 1996 Farm Bill and first received funding from Congress in 1998. The program is administered by the Natural Resources Conservation Service (NRCS).

Through WHIP, the NRCS helps landowners promote healthy wildlife populations by developing upland, wetland, riparian, and aquatic habitat on their property. WHIP promotes key habitats, including rare, threatened, and endangered species, and those of national and state significance.

The program also promotes practices beneficial to fish and wildlife that may not be funded otherwise, in large part because many WHIP projects are fueled by the power of partnership. The NRCS cooperates with a number of other federal agencies, state and local partners, and the private sector.

WHIP is very popular and generates more applications than it can fund. In recent years, applications have outnumbered funding by a 2-to-1 ratio.

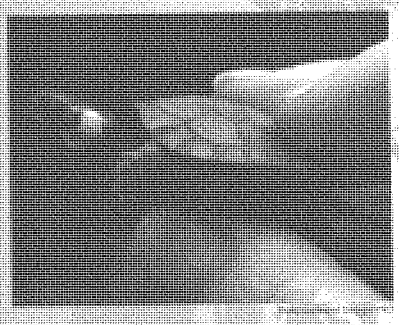
WHIP BY THE NUMBERS:

- Since its inception, WHIP has helped install projects on 2.8 million acres under 18,000 different contracts.

WHIP 2004 PRACTICES:

- Restoration and management of declining habitats – 1,517 acres
- Upland wildlife habitat management – 177,667 acres
- Wetland wildlife habitat management – 8,553 acres
- Field border buffer – 129,198 feet

STATE WILDLIFE ACTION PLANS



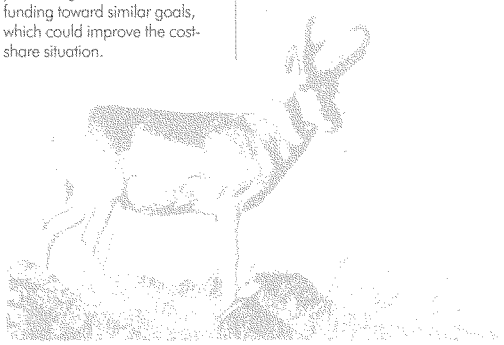
- Windbreak/shelterbelt establishment – 374,085 feet
- Stream habitat improvement and management – 4,855 acres
- Streambank and shoreline protection – 25,686 feet
- Wetland restoration – 3,208 acres

Agriculture and Wildlife Working Group Recommendations for WHIP:

1. Reauthorize WHIP at $100 million for 2008, with incremental increases each year during the course of the 2007 Farm Bill to $300 million.

   Target a significant portion of new funds for aquatic restoration activities, including instream habitat improvement projects. This funding level will better address unfunded applications and provide a more stable foundation for much-needed aquatic habitat restoration.
2. Make instream aquatic habitat restoration a national WHIP priority and allow states to continue to address priority habitats and at-risk species.
3. Conservation partnerships and program benefits should be enhanced by incorporating the assistance of states, municipalities, and non-government organizations to deliver and manage WHIP.
4. The contracting portion of WHIP should be streamlined. The NRCS, with its shrinking workforce, lacks adequate resources to administer WHIP efficiently. The NRCS should contract WHIP delivery to the applicable state fish and wildlife agencies that have the technical expertise to operate WHIP.

   USDA currently enables states to operate a federal conservation program, the Forest Land Enhancement Program, and at least one state wildlife agency already delivers the WHIP program. If WHIP funds were likewise distributed to state fish and wildlife agencies or non-government organizations, arrangements could be made to deliver technical assistance through these entities. This would diversify the administrative process and ease the administrative burden for NRCS. This arrangement may lower technical assistance costs. Additionally, appropriate non-government organizations could secure this type of arrangement, positioning them to attract funding toward similar goals, which could improve the cost-share situation.
5. A monitoring mechanism should be provided for WHIP to determine whether completed projects are benefiting species in serious decline. A program focus on priority areas associated with declining species will make it much easier to monitor and measure success.
6. Suggested National Conservation Priorities for WHIP:
   - salmonid habitat in the Northeast and Northwest;
   - bobwhite quail habitat in the Southeast;
   - species of concern identified in State Wildlife Action Plans and the National Fish Habitat Action Plan;
   - native prairie vegetation around prairie grouse leks; and
   - rare and declining habitats throughout the country.



Wetlands Reserve Program (WRP)

In conjunction with the grasslands that surround them, wetlands provide quality habitat for migratory birds and other wildlife, protect water quality, recharge ground water, and reduce flooding.

The U.S. has lost more than half of its naturally occurring wetlands and continues to lose more than 80,000 acres of these valuable resources each year.

The WRP originally was authorized in the 1990 Farm Bill and has provided a clear avenue for farmers and ranchers to remove marginal cropland from production in the interest of wetlands conservation. It is administered by the NRCS, which provides technical and financial support to help landowners with wetlands restoration efforts.

There are three ways landowners can participate in the WRP:

- 10-year cost-share agreements,
- 30-year easements, and
- permanent easements.

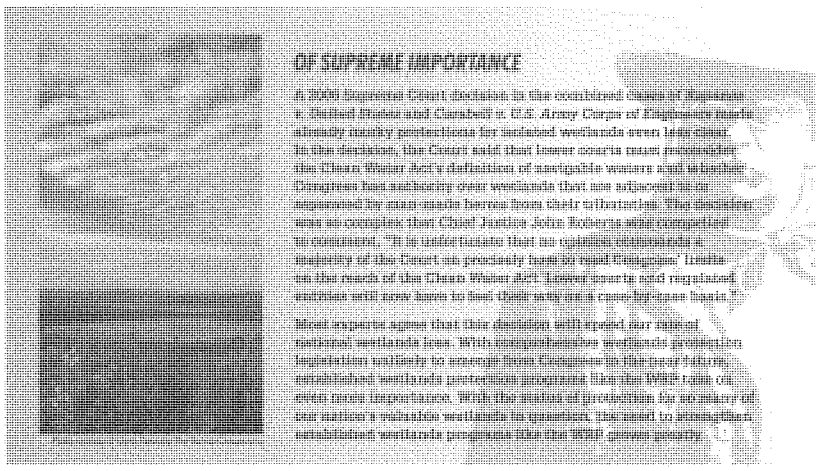
Permanent easements account for 80 percent of the acres enrolled in the WRP.

The WRP has proven its value in restoring several different types of ecosystems, including Southeastern bottomland hardwood forests, herbaceous prairie marshes, floodplain wetlands, and coastal tidal salt marshes.

One 4,000-acre wetland complex in Minnesota funded by the WRP has triggered the return of migratory and resident waterfowl, sandhill cranes, greater prairie chickens, numerous songbirds, and the western fringed prairie orchid, a federally listed threatened species.

WRP by the Numbers:

- More than 1.7 million acres have been enrolled in the WRP as of January 2006.
- Almost 8,400 separate sites have been improved by the WRP.
- The 2002 Farm Bill expanded the WRP total enrollment cap to 2,275,000 acres.
- Producer demand for the WRP outstrips available funding by a 3 to 1 margin.
- WRP popularity is very high in the Lower Mississippi Valley states of Mississippi, Louisiana, Arkansas, Missouri, Tennessee, Kentucky, and Illinois, where 42 percent of the program acreage exists.
- As of 2005, there was a backlog of 461,704 acres waiting to be enrolled in the WRP.



OF SUPREME IMPORTANCE

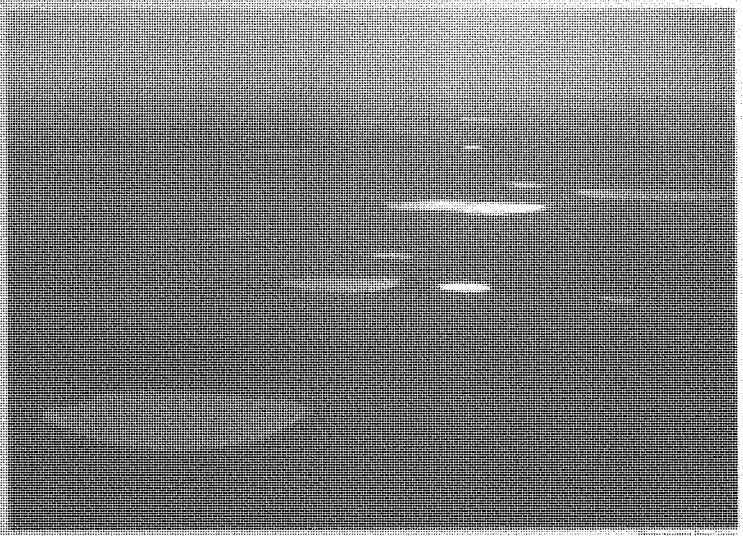
[illegible]

Agriculture and Wildlife Working Group Recommendations for the WRP:

1. Reauthorize the WRP and raise its funding level from 250,000 to 300,000 acres per year.
2. Increase the ratio of adjacent grasslands to wetlands that can be enrolled in the program to 6 to 1 from its current level of 4 to 1.
3. Create a National Conservation Priority Area for the Playa Lakes region (see *next page*).

Photo courtesy of Ducks Unlimited

Wetlands Reserve Program (continued)



PLAYA LAKES REGION

Playas are the most numerous wetland type in the Southern High Plains, totaling more than 80,000 acres in Colorado, Kansas, Nebraska, New Mexico, Oklahoma, and Texas.

Playas are shallow, depressional, rectangle wetlands that are generally round and small, averaging 10 acres in size. Very seldom deep, flood basins and naturally fill only before periodically from rainfall and the associated runoff. Playas are the lowest points in large watersheds and their recharge to the High Plains Ogallala Aquifer.

Precipitation is intercepted in the playas and brought to a common point where, resulting in a wet/dry playas cycle. This cycle facilitates exchanges and produces a highly diverse plant community that produces large quantities of nutritious seeds, essential for millions of waterfowl and other birds that migrate and winter in the region.

Playas support 27 mammal species, more than 200 bird species, 11 amphibian species, 134 aquatic invertebrate taxa and some 340 species of plants.

More than 90 percent of playas are privately owned.

By linking the region to the WRP, it will help both the playas and the program flourish.

Voices from the Family Farm

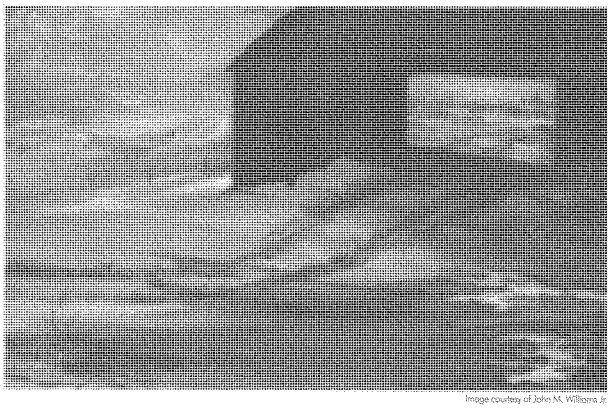


Image courtesy of John M. Williams Jr.

"The CRP simplifies my management of the property and may help make it possible for it to remain in the family for generations to come."

– Hazel Moulton
Early County, Georgia

"It gives us great satisfaction to know that, even though our time of stewardship will end here someday, this marsh will be forever protected."

– Ed and Sue Moxley
Erie County, Ohio

"Being part of this program has made the difference between us keeping or losing our farm."

– Doug and Deb Breinig,
Furnas County, Nebraska, on CRP

"Seeing and enjoying the wildlife, wildflowers, and native grasses here is one of the most satisfying aspects of managing our farm the way we do."

– Eric and Janine Wahl
Delaware County, Iowa

Grassland Reserve Program (GRP)

Grassland Reserve Program (GRP), first authorized in 2002, restores and protects grasslands while it maintains them as grazing lands. The program attempts to enhance plant and animal biodiversity, especially on grasslands containing shrubs and forbs facing conversion to cropping, urban development, and other threats.

Under the GRP, producers apply for easements or rental agreements with the NRCS or the FSA. Participants voluntarily limit future development and cropping of the land, but retain the right to:

- conduct common grazing;
- produce hay, mow, or harvest for seed production, subject to restrictions for the nesting and brood-rearing seasons of birds that receive federal or state protections or are in significant decline;
- carry out fire rehabilitation; and
- build firebreaks and fences;

GRP contracts and easements prohibit the production of crops other than hay, fruit trees, and vineyards that require breaking the soil surface. It also makes any other activity that would permanently disturb the surface of the land off-limits, except for appropriate land management activities included in a grassland conservation plan. Farmers and ranchers can enroll their lands in the GRP using rental or restoration agreements. They also can use permanent or 30-year easements.

GRP by the Numbers:

- More than 900,000 acres currently are enrolled in GRP.
- The potential for the GRP is huge: Grasslands make up the largest land cover on America's private lands, covering more than 525 million acres of the U.S.
- In the nine Great Plains states, more than 8.4 million acres of native grassland (non-cropland) were converted to cropland from 1982 to 1997.
- More than 300 migratory bird species rely on the prairies, 170 species for breeding and nesting habitat and another 130 for feeding and resting during spring and autumn migrations. Many other wildlife species depend on the prairies, including at least 25 mammals, eight reptiles, four amphibians, and more than 55 species of butterflies.
- In 2003, $49.9 million was made available to fund GRP contracts and 812 contracts were awarded to protect 240,968 acres of critical grassland habitat.
- In 2004, more than 9,000 applications for 6.2 million acres in GRP applications were unfunded.

Agriculture and Wildlife Wording Group Recommendations for GRP:

1. Reauthorize the GRP at 2 million acres per year.
2. Require that a minimum of 60 percent of the agreements are long-term easements of 30 years or more.
3. Provide incentives for large-tract and non-cropland native grasslands.
4. Focus the program on lands that support and provide necessary habitat for at-risk fish and wildlife species identified in State Wildlife Action Plans and the National Fish Habitat Action Plan.
5. Both rental and easement rates should provide maximum payments only for native plant communities, with reduced payments for acreage either converted to or invaded by exotic plant species, such as tall fescue, Old World bluestems, Bermuda grass, smooth brome,

weeping lovegrass, and bahiagrass.

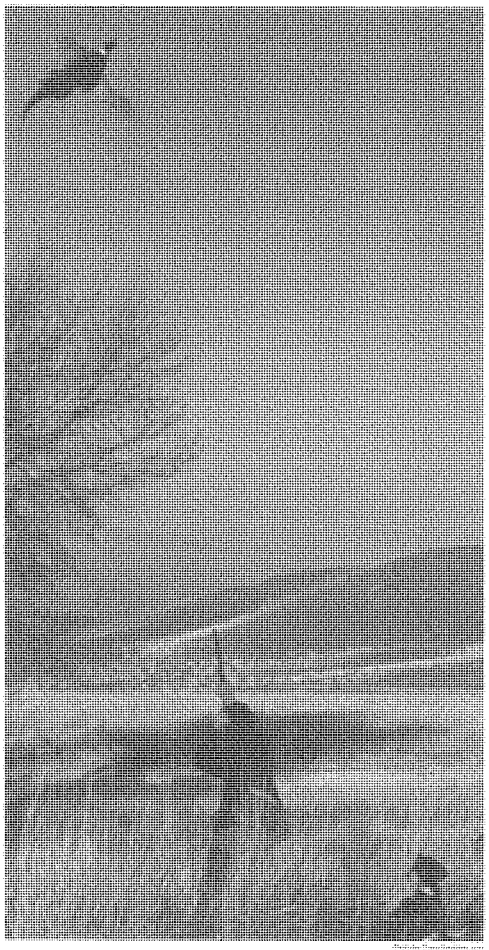
6. Increase funding to create a new subprogram, the Grassland Reserve Enhancement Program (GREP).

   The GREP will be a unique state and federal partnership that functions within the limitations of the GRP. The program will be established on a state-by-state basis, identifying priority threatened native prairies and rangelands that have urgent and specific needs for protection.

7. The formula used to calculate easement payments should be revised to make easements the most economical alternative for the applicant.

8. The minimum acreage cap should not apply to native prairie remnants in counties suffering more than 90 percent loss of native grasslands.

9. GRP-enrolled acres should not be subject to the county cap applied to other conservation programs, primarily the Conservation Reserve Program and the Wetlands Reserve Program, that limit enrollment to no more than 25 percent of the counties' cropland acres. GRP's focus is on protecting agricultural grasslands, so program enrollment should not be limited by, or applied to, limits based on the amount of cropland acres enrolled in conservation programs in a county.



Conservation Security Program (CSP)

CSP was authorized in the 2002 Farm Bill. Its incentives to producers who are supposed to meet the highest standards of conservation performance are offered in priority watersheds across the nation, regardless of the size of their operations or crops they produce. Both new and existing conservation practices are eligible for payments, making CSP the first federal conservation program that rewards farmers for the good stewardship they have already been practicing.

It also provides powerful incentives to achieve even higher levels of resource protection.

The program is designed to allow farmers to choose one of three levels of participation, entering into 5- or 10-year contracts that address resources of concern established by the NRCS through its state conservationists, along with local and state committees.

CSP producers also are eligible to earn additional financial incentives through payments for participation in watershed-wide CSP enrollment and on-farm research and monitoring.

CSP by the Numbers:

- In FY 2004, 18 watersheds in 22 states were selected by NRCS for CSP projects.
- 2,200 CSP contracts were signed.
- 1.9 million acres are in CSP.
- In FY 2005, 202 watersheds in 50 states were eligible for CSP.

If adequate funding is made available, the USDA intends for approximately one-eighth of the nation's 2,119 watersheds to be eligible for CSP each year.

Agriculture and Wildlife Working Group Recommendations for the CSP:

1. Reauthorize CSP and ensure it provides increased, measurable, and consistent benefits for fish and wildlife conservation.
2. Include continuous signup as part of the CSP.
3. Require the NRCS to engage federal and state fish and wildlife agencies and non-government organizations when developing wildlife and habitat assessments. These same agencies and organizations also should be included in the development of fish and wildlife enhancement practice descriptions. If state NRCS personnel decide not to follow the recommendations of their partners, they should be required to justify their decisions in writing. This will increase their accountability and improve partner relations.
4. Streamline the program's paperwork through a review of each appraisal form by NRCS national-level biologists.
5. A CSP model also should be adopted for private forest landowners.
6. Add "enhancement of instream flows" to the list of conservation practices that may be implemented by a producer under a contract.
7. Require fish and wildlife habitat improvements as program qualification requirements.
8. Allow federal and state lands that are integral parts of private farming and ranching operations to qualify.
9. Require annual compliance checks on a minimum of 15 percent of the farms participating in the CSP.

Photo: Nebraska NRCS, Bobbie Lammers, a 3-D Farm & Wildlife Farmer

Farm and Ranch Lands Protection Program (FRPP)

The Farm and Ranch Lands Protection Program (FRPP), first authorized in 1996, provides matching funds to state, tribal, and local governments and non-governmental organizations to promote the purchase of conservation easements. Farmers and ranchers agree not to convert their land to nonagricultural uses and to develop and implement a conservation plan for any highly erodible land.

TO QUALIFY FOR FRPP, THE LAND OFFERED MUST:

- Contain prime, unique, or other productive soil or historical or archaeological resources;
- be included in a pending offer from a state, tribal, or local government or nongovernmental organization's farmland protection program;
- be privately owned;
- have any highly erodible land covered by a conservation plan;
- be large enough to sustain agricultural production;
- be accessible to markets for what the land produces; and
- be surrounded by parcels of land that can support long-term agricultural production.

FRPP BY THE NUMBERS:

- Through 2005, more than 500,000 acres in 42 states have been protected by FRPP.
- More than $130 million in FRPP applications were unfunded in 2006.

AGRICULTURE AND WILDLIFE WORKING GROUP RECOMMENDATIONS FOR FRPP:

1. Reauthorize FRPP at an annual funding cap of $300 million.
2. Allow landowners the right to prohibit non-cropland conversion on land subject to easement under FRPP.
3. Authorize program funding for the establishment and protection of fish and wildlife habitat, and assign higher points for such practices.
4. Place priority on lands that support and provide habitat for at-risk fish and wildlife species identified in State Wildlife Action Plans.
5. Eliminate restrictions on forest land participation. Certain forestlands that should be protected have no protection under any other existing program.
6. Allow for temporary transfers of water rights (also referred to as leasing) or non-compensated permanent donation of water rights for instream flow purposes. Lands often can be irrigated while also protecting instream flow. Temporary water transfers can serve as an additional tool for a producer to ensure the economic viability of operations, thereby meeting the overarching goal of FRPP.

Forest Conservation and Management

Privately owned forests rise on approximately 30 percent of the rural landscape, covering about 430 million acres, or two-thirds of our nation's total forested lands. The vast majority of these private forests are in the hands of families and individuals. These forests provide a wide range of benefits to the public, including benefits that define our values, our way of life, and our connection to the land. These cornerstone values include the American tradition of earning a living from the land and its forest products and outdoor recreation traditions such as hunting, wildlife viewing, hiking, and fishing. Forests also protect the drinking water for hundreds of millions of Americans, help filter the air we breathe, and stabilize our climate.

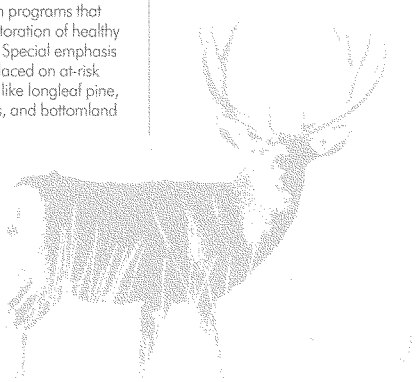
FORESTRY BY THE NUMBERS:

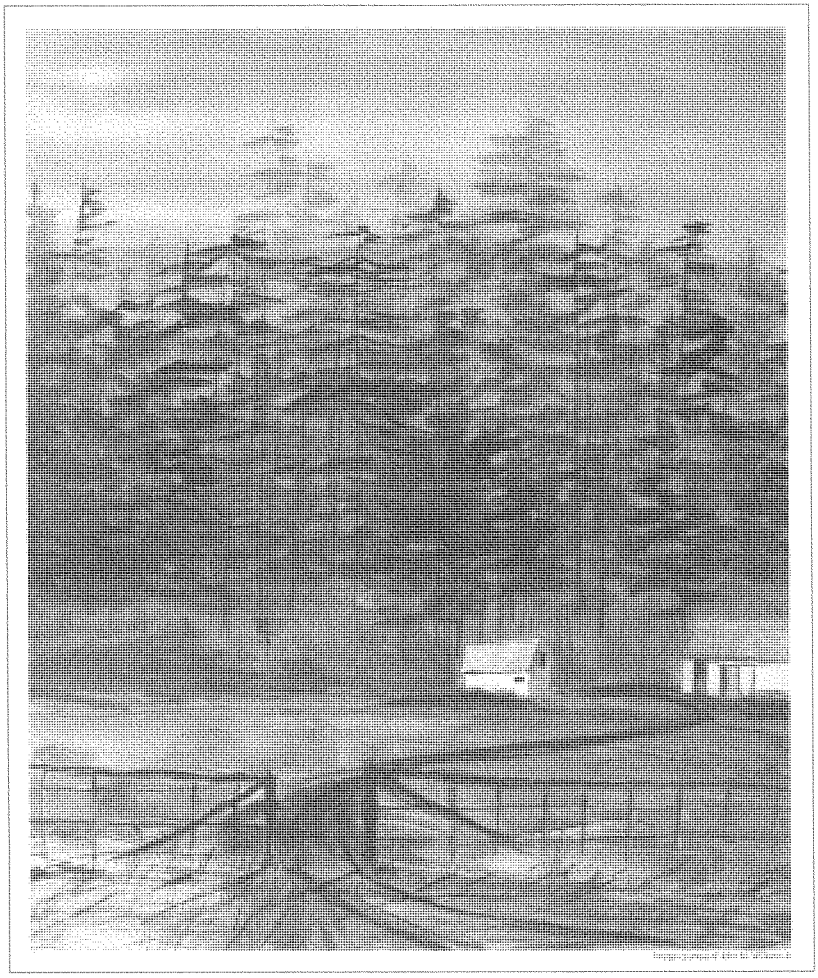
- One million acres of intact forests are converted every year to more-intensive development.
- Only 3 percent of family forest owners have a written management plan.
- Only 22 percent of family forest owners sought professional advice prior to harvesting timber.
- Hundreds acres of private forests are at high risk of wildfire, insect, disease and, invasive species.
- Two-thirds of the nation's water comes from forests.

Previous Farm Bills have begun to address these conservation issues, but more can be done to recognize forests' roles in the rural ecosystems and to better incorporate forests into conservation strategies in the 2007 Farm Bill.

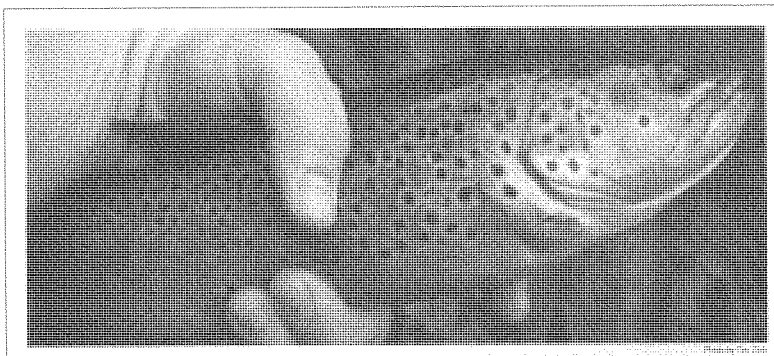
AGRICULTURE AND WILDLIFE WORKING GROUP RECOMMENDATIONS FOR FOREST CONSERVATION AND MANAGEMENT:

1. Take a multiple resource management approach to all forestry programs, fully integrating fish and wildlife conservation measures to promote the overall health of forested ecosystems.
2. Reauthorize the Healthy Forests Reserve Program and amend it to make funding mandatory through the CCC, including permanent easements as an option for landowners and increased annual funding.
3. Support strong technical, educational, and outreach assistance for private forest owners through existing programs, such as the Forest Stewardship Program, and new programs, such as the Sustainable Forestry Outreach Initiative.
4. Continue and improve the forestry aspects of existing conservation programs that promote restoration of healthy ecosystems. Special emphasis should be placed on at-risk forest types, like longleaf pine, Pine Barrens, and bottomland hardwoods.
5. Improve management on forest lands in ways that help achieve the conservation of at-risk fish and wildlife species.
6. Increase capacity for prescribed burning on private lands to improve forest health and enhance wildlife habitat.
7. Authorize funding for practices that allow landowners to comply with federal and state best management practices for aquatic resources protection.
8. Improve the current flexibility of forestry programs to address the issues of individual states and regions by allowing state stewardship committees to set local planting densities and mid-contract management guidelines that fall within broad, national guidelines.





Additional Farm Bill Conservation Priorities



Many AWWG recommendations fall beyond or encompass all of the programs that are covered in the preceding pages.

Measure Gains

Beginning with the 1985 Farm Bill, funding for conservation programs has increased steadily. These conservation expenditures have resulted in significant accomplishments, but articulating them sometimes proves challenging. With more emphasis in the public debate being placed on shifting agricultural economic support from direct cash subsidies to incentive-based land stewardship programs, accurate measurement of quantified conservation gains takes on even more critical importance. Accordingly, the AWWG recommends that universal conservation performance measures be developed and that specific mechanisms be identified for tracking conservation successes.

Change "Wildlife" to "Fish and Wildlife"

There are a number of divergent views as to whether the term "wildlife" includes fish. In order to eliminate confusion and specifically acknowledge aquatics as an important component of conservation, the term "wildlife" should be changed to "fish and wildlife" everywhere such term appears in all applicable titles of the Farm Bill.

...accurate measurement of quantified conservation gains is critically important.

Address Native Prairie Loss

Technological advances and the unintended consequences of federal agricultural policies caused a new wave of native prairie destruction in the last decade, especially across the Prairie Pothole Region, triggering significant ecological and sociological effects. This region, 300,000 square miles of Iowa, Minnesota, the Dakotas, northern Montana, and the Canadian provinces of Alberta, Saskatchewan, and Manitoba, once contained 25 million wetlands, a density unmatched on the continent. Today, well more than half of those wetlands are gone, succumbed to agricultural and commercial development. Yet the Prairie Pothole Region still supports more than half of North America's migratory waterfowl – including an estimated 2.2 million ducks.

Pockmarked by retreating glaciers, the Prairie Pothole region is characterized by freshwater marshes that form in concentric circles and primarily are recharged by snowmelt and spring rains. These marshes host a diversity of plants that provide water filtration and other environmental benefits. By focusing Farm Bill funding on conserving this region, we can help guarantee that a rich abundance of wildlife persists into the future.

Along with its wetlands density, the Prairie Pothole Region was once part of the largest grassland ecosystem in the world. The region has changed dramatically, however, since the days of Lewis and Clark. After settlement, native grasslands in the most productive portions of the region were converted to cropland to feed a growing world population. Today, grassland-dominated landscapes largely are confined to areas with poor soils, steep topography, and/or climatic conditions unsuitable for crop production.

Unintended Consequences

The current Farm Bill provides substantial price support and risk protection to crop producers. The combination of loan-deficiency and disaster payments – coupled with crop insurance – makes crop production economically viable even if high yields are never achieved. The reduction in economic risk, combined with advances in herbicides, genetically engineered crops, and large farm equipment, provides the incentive to break new ground. Government support is negligible for the cattle ranching industry – the current land-use for most native grasslands. Subsidized crop producers therefore have a significant economic advantage when competing to rent and buy native grassland.

Sodsaver

Loss of native grassland also is an economically costly policy, as it brings additional disaster-prone farmland into cultivation and creates taxpayer liability for the many subsidies associated with crop production on marginal land. Temperate grasslands, like those in the Prairie Pothole Region, are at highest risk of conversion to cropland. Yet they have some of the lowest rates of protection of any major ecological biome on earth. Along with being the heart of the breeding range for many North American ducks and shorebirds, the region also hosts numerous grassland-dependent songbirds, species that are experiencing a steeper population decline than any other bird group in North America. An ecological train wreck could occur in the region if the current pace of grassland loss continues.

The native grasslands of the Prairie Pothole Region are fundamentally important for livestock producers and their ranching lifestyle. Ranching, recreational hunting, and nature-based tourism associated with the native prairie provide economic diversity. This brings greater stability to rural economies.

Lastly, conversion of native grasslands also has important impacts on critical, associated habitats, such as wetlands.

Cattle producers consider wetlands valuable assets when they occur in pastureland, because they provide livestock water and quality hay during drought conditions. If producers convert grasslands to cropland, wetlands become liabilities because they are obstacles for farm equipment. This puts them at greater risk of being destroyed or degraded by sedimentation and contamination from pesticides, herbicides, and fertilizers.

Additional Farm Bill Conservation Priorities (continued)

Swampbuster Provisions

Swampbuster dates to 1985 and is designed to discourage producers from draining wetlands by seeking to withhold farm program benefits from any who plant an agricultural commodity crop on a wetland. Swampbuster can be a vital tool in slowing the loss of wetlands, and therefore needs to be retained in future Farm Bills.

History tells us that the wetlands most vulnerable to drainage are the small, shallow ones in heavily cropped landscapes.

An analysis conducted by the U.S. Fish and Wildlife Service found that if Swampbuster protection was lost for these vulnerable wetlands in the Prairie Pothole Region, the breeding waterfowl population would be reduced by 38 percent – some 1.5 million birds.

To correct deficiencies revealed by a Government Accountability Office (GAO) investigation, Swampbuster enforcement also needs to be enhanced.

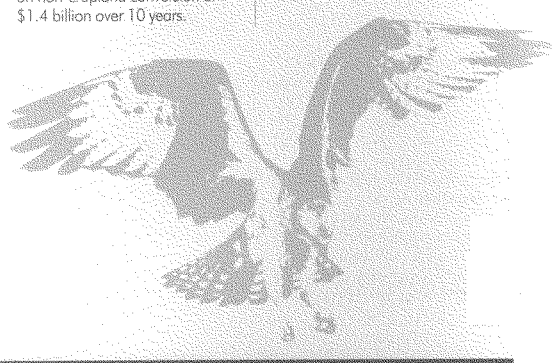
The GAO reports that the USDA should ensure that noncompliance waivers for identified violations are supported with adequate justification. The report also found that in response to farmers' appeals, waivers were issued 61 percent of the time that they were requested. The GAO showed that all too often, the waiver decisions were not adequately justified. And without enforcement support, field staff has less incentive to find farmers out of compliance when such a finding is warranted.

Grasslands Conversion by the Numbers:

- Prairie Pothole wetlands total 5.3 million acres in 2.7 million basins.
- Each acre of small wetland provides $29.23 worth of flood damage protection to agricultural land per year.
- 13.8 million acres of native prairie remains in the eastern Dakotas.
- 298,000 acres were converted to cropland during 2002-05.
- At current rates, half of the remaining native grassland in the Prairie Pothole Region will be lost in 34 years.
- In the Prairie Pothole Region of North and South Dakota, 60 percent of the remaining 5.9 million acres of unprotected wetlands occur in native pasture and hayland.
- USDA estimates that between1982 and 1997, more than1.4 million acres of rangeland was converted in the Great Plains.
- Estimates place savings that would result from eliminating subsidies on non-cropland conversion at $1.4 billion over 10 years.

Agriculture and Wildlife Working Group Recommendations for Reducing Grassland Conversion to Cropland:

1. Our national farm policy must dramatically reduce native grassland and wetlands losses and reduce damage to marginal and fragile land.
2. Any land that does not meet the definition of cropland, as determined by FSA, that is converted from non-cropland status to cropland should be made ineligible for any federal benefit, including but not limited to price and income support payments, crop insurance, disaster payments, conservation program enrollment, and FSA farm loan benefits.
3. To preserve its identity and to ensure no federal assistance is received, non-cropland converted to cropland shall be reconstituted as a separate farm by FSA, beginning no later than in the year the conversion occurs.



4. Landowners may choose to break native prairie or noncropland if they so desire. But they must do so with the full understanding that the profitability of crops grown on this acreage will depend on free-market economics, not agricultural subsidies, crop insurance, and disaster payments.

Agriculture and Wildlife Working Group Recommendations on Conservation Compliance

Sodbuster/swampbuster compliance should be linked to all federal farm programs benefits, including crop insurance and disaster program eligibility. A farm shall be ineligible to receive federal benefits for the year noncompliance is discovered. Following year eligibility may be approved if noncompliance is rectified and restoration certified within six months of discovery.

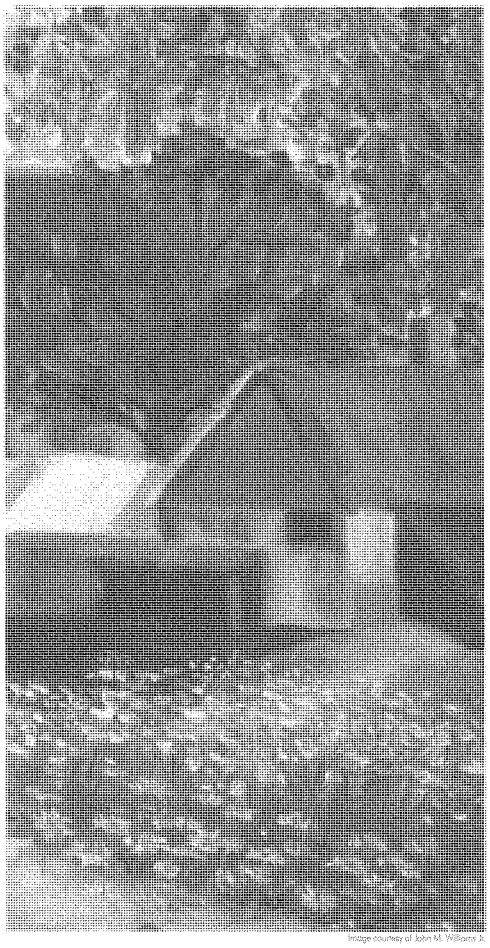


Image courtesy of John M. Williams Jr.

Biofuels, Biomass and Other Energy Sources

In a landmark event, President Theodore Roosevelt in August 1902 became the first U.S. president to ride in a motor car. Now, more than 100 years later, America's energy needs account for 20 million barrels of oil per day – a quarter of the world's daily consumption.

Lifestyles in the industrialized world revolve around fossil fuels—including oil, coal, and natural gas. These fuels, a finite resource, supply 86 percent of America's energy. Renewable fuels provide 6 percent. There is a growing international consensus that human-induced emissions of carbon dioxide and other gases like methane and nitrous oxide are a major factor causing climate change. These emissions come from, among other sources, burning ever greater quantities of fossil fuels.

The importance of developing fuel efficient equipment and vehicles, and consumers practicing conservation measures, unarguably is a critical first step in the search for U.S. energy security. Coupled with energy efficiency and conservation, development and use of cleaner energy in homes and businesses is vital to achieving energy independence. Renewable sources include wind power, solar energy, and biomass, among others.

Most renewable energy sources emit little, if any, greenhouse gases or other pollutants. The drawbacks for using renewable energy are that the costs of needed technologies are still relatively high. Renewable energy sources generally are not as easily stored or moved as fossil fuels.

The most well-known and commonly used biofuel in the United States is corn-based ethanol, blended in various mixtures to power gasoline burning vehicles. Ethanol demand and production recently have skyrocketed, owing to high gasoline prices and the Energy Policy Act of 2005 requirement that 4 billion gallons of renewable fuels be blended into the national gasoline supply by 2006. The same act requires that 7.5 billion gallons of ethanol be blended into the gasoline supply by 2012.

Corn is the primary feedstock for ethanol production. About 20 percent of the nation's corn crop was utilized for ethanol production in 2006. Ethanol also can be made from other grains, such as sorghum, and from "biomass" sources, such as corn cobs, cornstalks, wheat straw, rice straw, switchgrass, and vegetable and forestry waste.

Growing Energy

America's farm, forest, and ranch lands, appreciated and recognized primarily for food and fiber production, have begun producing a new trilogy of sustenance—food, fiber, and energy.

An exciting era is dawning for American agriculture, premised on the realization that farmland and forestland has a yet untapped potential for "growing" energy.

Unless careful consideration and caution are exercised in the development of a domestic bioenergy policy, however, negative effects could result with unintended damages to:

- Soil and water resources,
- Fish and wildlife,
- U.S. and world food fiber supplies, and
- Livestock and poultry industries.

Conservation Programs and Biomass Production

As technology is perfected to economically produce and convert biomass products into cellulosic ethanol and other forms of fuel, the more than 40 million acres enrolled in conservation programs – especially the Conservation Reserve Program – are viewed by some as a source of land for biomass production.

As illustrated elsewhere in this report, Farm Bill conservation programs have made significant strides in saving soil by curbing wind and water erosion, purifying water, creating wildlife habitat, and contributing to dramatic increases in certain game and non-game wildlife species.

Cellulosic ethanol production and other renewables presents an exciting future and economic growth potential for agricultural producers, forest owners, and rural economies. But domestically growing biomass for biofuels production and other uses, including co-firing, direct combustion, and gasification, is in essence "mining the land" above ground level. Adequate research must be conducted to determine

the most efficient and sustainable biomass production methods. As we determine where biomass will be produced, the integrity and statutory priorities of existing conservation programs must remain intact.

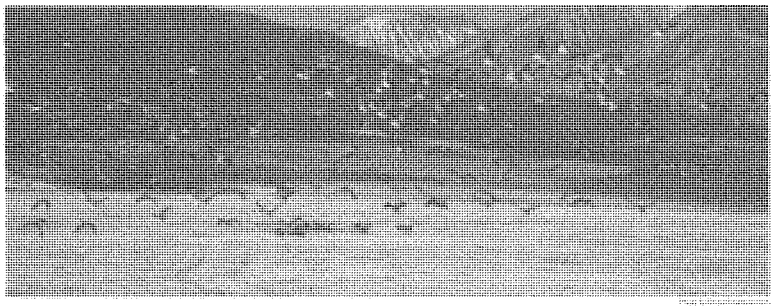
Biofuels, Biomass, and Other Energy Sources by the Numbers:

- U.S. motorists annually use more than 140 billion gallons of gasoline.
- Cellulosic ethanol reduces greenhouse gas (GHG) emissions by 85 percent over reformulated gasoline.
- One billion tons of dry biomass would displace 30 percent of U.S. petroleum consumption.
- Sugar-fermented ethanol reduces GHG emissions by 18 to 29 percent over gasoline.
- The percentage of the U.S. corn crop devoted to ethanol has risen to 20 percent from 3 percent in just 5 years.
- A modern dry-mill ethanol refinery produces approximately 2.8 gallons of ethanol and 17 pounds of highly valuable feed co-products, called distillers' grains, from one bushel of corn.
- According to the International Energy Agency, 13.4 percent of the world's total primary energy supply in 2002 was produced from renewable energy sources.
- About 40 percent of U.S. total energy consumption is dedicated to transportation and requires liquid fuels such as gasoline, diesel fuel, or kerosene.
- Cellulose is present in every plant; straw, grass, wood. Most of these biomass products currently are discarded. Transforming them into ethanol might provide as much as 30 percent of the current fuel consumption in the United States – and could provide similar benefits in other oil-importing regions like China or Europe.
- In July 2006, according to the *Boston Globe*, the production cost of cellulosic ethanol was approximately $2.25 per gallon. At that price, it is not competitive when distribution costs are added. The Department of Energy holds an optimistic outlook toward future costs, however, and has requested a doubling of research funding.
- Switchgrass and other native perennial warm-season grasses may yield 5 to 7 tons per acre and potentially produce 80 to 90 gallons per ton of ethanol.

Agriculture and Wildlife Working Group Recommendations for Biofuels/ Biomass Production:

1. The Energy Title of the 2007 Farm Bill should be used to promote the next generation of biofuels and renewable energy. Research and development funding should promote the next generation of biofuels technology based on sustainable polycultures that are consistent with fish, wildlife, soil, nutrient management, and water conservation goals.
2. Land enrolled in Farm Bill conservation programs should not be used for biomass production unless credible research results provide documentable and verifiable evidence that producing and harvesting biomass on this land can be accomplished without compromising existing statutory priorities to conserve and improve the soil, water, and fish and wildlife resources.
3. USDA biomass production policies (especially stubble height, harvest frequency, and vegetative composition) should be developed in collaboration with federal and state fish and wildlife specialists and habitat and technical experts.
4. An incentive-based biomass program should not displace existing conservation programs, and incentive payments should be offset when economic gain is realized from biomass, feedstock, seed, or other production.
5. Because of the large acreages needed and logistical limits for cost-effective biomass transportation, the environmental benefit index should not be used to determine eligibility.
6. Opportunities for renewable energy and other renewable products from forests should be developed by expanding research and authorizing pilot projects to test technology and equipment, providing incentives to initiate markets for for renewable products, and improving incorporation of forest products into existing and new renewable energy incentives.

Open Fields



When the first Farm Bill was passed in 1933, one in four Americans lived on a farm; today the figure is less than one in 50. This statistic reveals the stark reality that many rural communities are struggling to maintain their vitality. The next Farm Bill must practically address rural development needs in order to preserve the quickly disappearing heritage and core values that define America's character.

America's great hunting and fishing traditions, to a large extent, are contingent upon the health and wellbeing of its privately owned farm, ranch, and forest lands. Hunters, anglers, and many others who also enjoy the outdoors add scores of billions of dollars and millions of jobs to the nation's economy.

More than 20 states have capitalized on this economic opportunity for their rural communities by implementing voluntary access or walk-in programs. Under these state-supervised programs, landowners are paid a nominal fee to allow hunters, anglers, and other outdoor recreationists the privilege of enjoying their land. Currently more than 22 million acres are enrolled in access programs in 20 states at a cost of only $23 million -- slightly more than $1 per acre.

Open Fields by the Numbers

According to a recent TRCP cost-benefit analysis that used 2001 U. S. Fish and Wildlife Service data, 16 states with access programs realized a gain of more than $512 million, thanks to the positive difference in hunter numbers generated by access programs, when compared to states without. Using trend lines established for states with access programs, if each state without an access program had implemented a successful one, more than $2.7 billion in additional revenue could have been realized nationwide.

Legislation commonly called the Open Fields Bill would provide $20 million per year in CCC-issued grants to states to enhance existing access programs or to develop new programs in states without access programs.

Agriculture and Wildlife Working Group Recommendations on Open Fields and Access:

1. Include Open Fields language in the 2007 Farm Bill.
2. Program funds should be used for improved wildlife management and recreational opportunities on voluntarily land enrolled in Farm Bill conservation programs.
3. Landowner assurances that reduce liability and risk can be provided through the voluntary state-managed access programs.
4. A higher enrollment priority should be granted to conservation program applications that include a public access component.

Conclusion

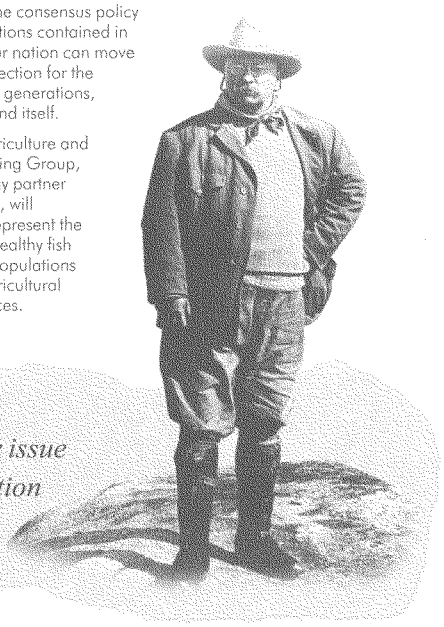
Aldo Leopold once said, "We abuse land because we regard it as a commodity belonging to us."

Leopold's words still ring true.

We must abandon this course of action as swiftly as is possible. And it is possible, because the sheer size of the omnibus Farm Bill carries with it the magnitude for massive change.

By enacting the consensus policy recommendations contained in this report, our nation can move in a better direction for the sake of future generations, and for the land itself.

The TRCP Agriculture and Wildlife Working Group, led by its many partner organizations, will continue to represent the concerns of healthy fish and wildlife populations as federal agricultural policy advances.



There can be no greater issue than that of conservation in this country.

National Association of Conservation Districts

Testimony
of
Olin Sims
On behalf of the
National Association of Conservation Districts
Before the
Senate Agriculture, Nutrition and Forestry Committee
May 1, 2007

Good afternoon, I am Olin Sims, President of the National Association of Conservation Districts (NACD) and a rancher from McFadden, Wyoming. On my family operation, the Sims Cattle Company in the Rock Creek Valley, we run a 700 cow/calf operation on 22,000 acres of deeded, private, state and federal leases in southern Wyoming. The ranch retains ownership of all calves and feeds to finish in Nebraska.

Across the United States, nearly 3,000 conservation districts -- almost one in every county -- are helping local people to conserve land, water, forests, wildlife and related natural resources. We share a single mission: to coordinate assistance from all available sources -- public and private, local, state and federal -- in an effort to develop locally-driven solutions to natural resource concerns. More than 17,000 members serve in elected or appointed positions on conservation districts' governing boards. Working directly with more than 2.3 million cooperating land managers nationwide, their efforts touch more than 1.5 billion acres of private forest, range and crop land. NACD believes that every acre counts in the adoption of conservation practices. We work with landowners across the country—urban, rural, row crop farmers, ranchers, forestland owners and specialty crop producers on the plains, in the hills and on both coasts--so we know that no one program, practice, or policy will work for everyone. We support voluntary, incentive-based programs that present a range of options, providing both financial and technical assistance to guide landowners in the adoption of conservation practices, improving soil, air and water quality and providing habitat and enhanced land management.

Among other things, conservation districts help:

- implement farm conservation practices to keep soil in the fields and out of waterways;
- conserve and restore wetlands, which purify water and provide habitat for birds, fish and numerous other animals;
- protect groundwater resources;
- plant trees and other land cover to hold soil in place, clean the air, provide cover for wildlife and beautify neighborhoods;

- help developers and homeowners manage the land in an environmentally-sensitive manner;
- reach out to communities and schools to teach the value of natural resources and encourage conservation efforts.

The 2002 Farm Bill impacted producers across the country, but in my area, the conservation programs *are* the farm bill. My access to farm bill programs and assistance has been limited to conservation programs, and I am happy to have had the opportunity to participate in some of the programs offered from this important legislation. We implement environmental stewardship practices such as intensive rotational grazing, integrated weed control, fertilizer application, introducing new varieties of grasses and windrowed hay management for energy savings. I have primarily participated in the Environmental Quality Incentives Program (EQIP) program for cost share practices resulting in improved range conditions documented through a stringent range monitoring program. Several of the practices adopted relate to stockwater pipelines, stock tanks and storage tanks along with cross fencing to develop grazing cells we use in our high intensity - short duration grazing program. I have also utilized the Agricultural Management Assistance (AMA) program to assist with the adoption of conservation practices, but the availability of funds for this program has been sporadic.

This past fall our ranch installed two miles of stock water pipeline and tanks that will allow us to alleviate impacts to riparian areas, control invasive species and better manage our rangeland resources to lessen the chance of overgrazing. This was all done working with my local conservation district and the USDA Natural Resources Conservation Service (NRCS) that provided the technical assistance prior to entering into an EQIP contract that provided the financial support to implement this conservation practice.

We are currently working with the Wyoming Game and Fish Department to use livestock grazing as a land treatment for elk habitat enhancement on a nearby Wildlife Habitat Unit. This project has allowed us to demonstrate the beneficial importance of livestock grazing as a management tool to improve wildlife habitat by incorporating the abilities of private landowners in managing public resources – once again all done using the technical expertise of our local conservation district and the NRCS.

The 2002 Farm Bill authorized increases in conservation funding that by 2007 will double those of the last decade. About two-thirds of the new funds authorized in 2002 target programs emphasizing conservation on working lands that are still used for crop production and grazing. This differs from conservation spending prior to 2002, in which the bulk of conservation dollars were directed toward land retirement programs. According to USDA's Economic Research Service (ERS), conservation programs for working lands will rise from less than 15 percent of federal expenditures on agricultural conservation over the past 15 years to about half of the total conservation spending by 2007. The use of the term "working lands" is defined differently by groups. To clarify; NACD defines working lands as those lands in economic production of food, feed or fiber. We believe that a producer must have an economically viable farming operation to

be able to make an investment in conservation practices on their operation. Conservation districts support the increased emphasis on conservation spending for private working lands and hope these trends continue. While NACD supports maintaining land retirement programs such as the Conservation Reserve Program and Wetlands Reserve Program, keeping our remaining cropland in agricultural production while funding conservation practices on that land should be the primary focus of conservation funding in the 2007 Farm Bill.

A recent ERS report assessing the 2002 Census data reports that of the 2.3 billion acres in the U.S., agriculture land comprises 52 percent and grassland, pasture & range comprise two thirds of those agricultural lands. Urban and rural residential acreage in the U.S. is increasing with rural residential increasing 29 percent from 1997 to 2002. Over the same period, cropland decreased by three percent and grassland increased one percent. These numbers demonstrate the continued changing landscape that conservation districts are serving. We see increased pressure on the rural/urban interface as cities and suburbs continue to grow, creating new and different resource challenges and new landowners/managers. As residents move out of the city to rural residential areas, they may not have an understanding of which conservation practices or habitat are appropriate for their land – or even that their management style may be causing an environmental problem. The rural/urban interface, forestry, and grassland management are all areas that have not fully benefited from the 2002 Farm Bill conservation programs.

Conservation programs provide benefits to the landowners and the general public through increased soil quality, air and water quality and improved habitat. Increased adoption of conservation practices though the 2002 Farm Bill Conservation programs resulted in improved nutrient management with decreased nutrient and sediment runoff, increased pesticide management, and increased wildlife habitat benefiting both duck and wild turkey populations. Notable results from the adoption of conservation practices include reduced soil erosion and increasing wetland acres. Last year USDA released soil erosion numbers highlighting a 43 percent decrease in soil erosion on cultivated and non-cultivated cropland between 1982 and 2003. Farm bill conservation programs have also increased the restoration of wetlands across the country and we are now marking net gains in agricultural wetland acres. Conservation programs have also protected farmland from development and protected wetland areas through easement programs.

NACD has been developing Farm Bill recommendations over the last two years. We didn't hear an overwhelming need for new programs, but a need to make what we have work better and more accessible to all agricultural producers. The NACD Board of Directors has taken action, first establishing guiding principles and most recently approving core policy statements on the 2007 conservation title. The comments I provide to you today are based on these recommendations, approved by our board of directors, which includes one member from every state and the U.S. territories. I would like to remind the Committee members that our role is unique in that districts assist in conservation program delivery. Our members work with landowners, federal and state agencies to deliver programs and technical assistance and to guide local decision-making. Local conservation district boards are comprised of locally elected or appointed members of the community – farmers, ranchers, and those outside agriculture that are

committed to improving conservation practice adoption, education and outreach in their community. We listen to our customers regarding program implementation and frequently, like in my case, we are also the customers.

NACD's recommendations focus on a priority for working lands conservation programs. We believe there should be consolidation and streamlining of programs to ease program delivery, making them easier for producers to understand and apply for, and easier for field staff to administer. Complicated paperwork and program overlap cause needless administrative time for both producers and technically-trained staff. Our goal is to have technical personnel spend more time in the field and less time on administrative functions. All working agricultural lands should be eligible for these programs – including non-industrial private forest land, fruits and vegetables, livestock, row crop and small production lands that may border urban areas.

To this end, we recommend two working lands conservation programs, a modified EQIP and a streamlined Conservation Security Program (CSP). NACD recommends combining the programmatic functions of the cost-share programs of the Wildlife Habitat Incentives Program, the Forest Land Enhancement Program, the Agricultural Management Assistance program and the working lands elements of the Grassland Reserve Program into the existing EQIP program. EQIP is a priority program for NACD and we believe that localized priorities and practices should be identified by the local work groups and addressed by the state technical committees, supporting the locally-led process that is the foundation of conservation districts across the country. The EQIP program has been very successful and demand for the program remains strong with more applications than can be funded.

The existing CSP program should be modified into a top-level conservation program for the "best of the best" in natural resource protection on their operation. This upper-level program should have clearly defined criteria so producers can plan ahead, and know what the requirements are to participate. Our recommendations include making CSP a two-tier program that is available nationwide. Under the current administration of the program, producers have not been able to plan for participation because they don't know if their watershed will be selected for participation.

NACD supports maintaining the two land retirement programs—Conservation Reserve Program (CRP) and Wetland Reserve Program (WRP). The CRP program administration should continue to focus on special initiatives, continuous signups and Conservation Reserve Enhancement Programs (CREPs). CREPs have been very successful in leveraging state dollars, creating an official program partnership between the state and federal government for protection of specific local natural resources.

The WRP program has been successful in restoring wetlands, resulting in improved water quality and wildlife habitat. Recent changes in program administration have altered easement prices offered to landowners. NACD supports returning to the administration of the program to utilize the agricultural value in establishing the easement purchase price.

National Headquarters
509 Capitol Court, NE, Washington, DC 20002
Phone: (202) 547-6223 Fax: (202) 547-6450
www.nacdnet.org

For easement programs, we support retaining the Farm and Ranch Lands Protection Program (FRLPP) and including elements of the Healthy Forests Reserve Program. The FRLPP has been very successful in the Northeast and we need to continue to ensure that this program works in other parts of the country, includes forest lands and works in coordination with state programs. In Pennsylvania, for example, some concerns have arisen regarding the duplication of planning requirements for the state program and the federal program – each with differing conservation planning requirements. Programs should not duplicate requirements on staff time, or landowner/operator time to participate, but should work together to leverage federal, state and local commitment to conservation priorities. While these issues might be addressed through program administration, legislative changes may also be necessary to ensure program coordination. We must ensure that this program works in every state.

NACD also supports reauthorization of the Watershed Rehabilitation Program, the Great Lakes Basin Program for Sediment and Erosion Control and continued authorization of the Resource Conservation and Development Councils.

Again, our goal is not to lose important elements of each of these programs in the protection of natural resources, but to streamline the program delivery. Not all programs work in all areas of the country, and we must retain a variety of program options to meet landowner and operator needs. But we must also do this in a manner that is not overly burdensome on field staff. Detailed knowledge of multiple programs takes time and effort. Annual changes to programs make them even more difficult to administer, and to relay or educate producers on the availability and application requirements. CSP has had the most problems in this area of ever changing availability. Most all conservation programs are oversubscribed with more applications than available funding. It is important to recognize any efficiencies to increase conservation practice adoption and environmental benefits, leverage state and local resources, and retain federal resources dedicated to conservation.

USDA conservation program implementation utilizes local work groups to assist in targeting funds and programs to address local resource needs and priorities. Local work groups convened by conservation districts and comprised of federal, state, county, tribal and local government representatives, coordinate local program delivery. Participants could include Farm Service Agency county committee members, cooperative extension agents and state/local/tribal officials. The work groups establish program delivery priorities and can make recommendations on eligible conservation practices, cost share levels and payment rates. The local work group is also utilized to aid in the implementation of several conservation programs. This local prioritization is critical to the implementation of voluntary conservation programs and the use of the local work groups must continue during the implementation of the 2007 Farm Bill conservation programs.

State technical committees are also critical to the locally-led conservation program delivery. Specific conservation practices for production or land management specific to a state should be addressed through the State technical committee, however it requires participation. The programs can be tailored to specific state and local needs, if the interested parties participate in the system.

National Headquarters
509 Capitol Court, NE, Washington, DC 20002
Phone: (202) 547-6223 Fax: (202) 547-6450
www.nacdnet.org

Conservation financial assistance provided through the Farm Bill programs is an important component in achieving agricultural sustainability both economically and environmentally. But Mr. Chairman, let me assure you that every time you hear NACD members talk about the Farm Bill we will talk about conservation technical assistance. Technical assistance allows NRCS offices at the local level to work with districts, landowners and state and local agencies to address local resource concerns. Technical assistance is utilized to work with landowners on conservation plans from design, layout and implementation, helping landowners understand highly erodible land and necessary compliance for participation in farm bill commodity programs. Technical assistance is also used for evaluation and maintenance of conservation practices. Once a conservation practice is established, it must be maintained to ensure we continue to see the benefits of the practice. Funding for technical assistance allows NRCS employees to meet face-to-face with landowners, visit their operations and help them design strategies to address resource needs of their individual agricultural operation. Through these discussions, a comprehensive conservation plan can be developed and then financial assistance programs such as EQIP, CRP or any other program in the conservation "tool box" can be utilized to help meet the goals of the conservation plans.

Conservation technical assistance has been a key component in working with livestock producers to understand the Environmental Protection Agency's Animal Feeding Operations/Concentrated Animal Feeding Operations regulations. District staff and NRCS personnel helped conduct workshops and demonstration projects so producers could see first-hand the changes that needed to be made to avoid enforcement actions under the Clean Water Act. Some producers went on to seek EQIP assistance to make these changes, some producers just needed to know what was required and made the improvements on their own based on the technical advice they received.

Conservation technical assistance is also used to assist local watershed planning groups to address impaired water bodies – working to provide these groups with the technical information they need to determine locally how best to address water quality issues. Technical assistance is necessary to help producers install and maintain complex conservation practices on the landscape. The technical assistance provided from NRCS field staff, along with the resources conservation districts and state conservation agencies provide, is critical to the success of conservation in the United States. The bottom line is that producers need quality technical assistance to maximize the effectiveness of the financial assistance they receive. Even without financial help, many producers still rely on technical help to ensure that they are putting quality practices on the land. It is the combination of the two that makes America's conservation delivery system efficient and effective. Conservation technical assistance, a discretionary funding program, assists in conservation program delivery by allowing field staff to work with producers up until the time they commit to a Farm Bill conservation program.

In 2004, Congress passed legislation to ensure that each conservation program provides technical assistance for implementation of the specific program. This legislation specifically corrected the technical assistance funding problems associated with CRP and WRP and was very important to fully implementing these programs. Availability of technical assistance is a limiting factor in program delivery. Without adequate funding, knowledgeable staff and committed local partners,

National Headquarters
509 Capitol Court, NE, Washington, DC 20002
Phone: (202) 547-6223 Fax: (202) 547-6450
www.nacdnet.org

the full benefits of conservation programs and practice adoption cannot be realized. In the 2007 Farm Bill, conservation financial assistance programs must continue to support technical assistance funding through each of the programs.

NACD was pleased with the overall funding commitment provided and conservation program options available in the 2002 Farm Bill, but is concerned with alterations to the funding of the programs since the passage of the 2002 bill. Program authorization levels have been repeatedly reduced through the appropriations process, administrative program limitations and budget reconciliation. We agree that during times of increasing budget deficits, all programs are subject to reductions. But we must also stress that alteration of programs from their original design in the 2002 Farm Bill impacts the intended results of conservation programs. I would also like to mention the devastating disasters that impacted much of the southern United States from Florida to Texas through repeated hurricanes, as well as other parts of the country that suffered from natural disasters. Although we may not personally feel the impact that agricultural producers felt in those areas, we know that federal assistance is critical to their recovery. Frequently, federal assistance comes from redirecting existing program funding and staff, and several states have felt the shift of conservation resources. These funding and personnel shifts made at the national level further complicate program delivery. NACD hopes that a better system can be developed to provide emergency aid and disaster assistance without redirection of these resources. Adoption of conservation practices have also mitigated some disaster impacts, such as drought, where conservation tillage and highly erodible land removed from production have increased soil moisture and ensured that soil remains in place, and not blowing across the country.

Conservation districts work to identify local resource concerns, and help prioritize the funding and focus of projects to have the greatest conservation and environmental benefit for both landowners and the public in local communities. Actions span the gamut from improving water quality to protecting pollinator species in order to help producers across the country protect natural resources. Everyone benefits from cleaner water and air, productive soils and improved wildlife habitat and water management. We seek to coordinate the efforts of local, state and federal government programs and educate landowners and the public about the opportunities and benefits of Farm Bill conservation programs. But more can always be done. Conservation districts across the country have a strong conservation ethic and are committed to making these programs successful on our farms, in our communities and for our environment.

The 2002 Farm Bill was a hallmark for conservation in this country and we hope the 2007 Farm Bill will maintain this commitment to conservation. While it heralded a tremendous leap forward, there are still many who remain untouched by its potential. Conservation districts believe that every acre counts from a conservation perspective and that the Farm Bill needs to bring its conservation benefits to all producers and all agricultural lands. It doesn't matter whether it's EQIP or CSP, WRP or CRP, on-the-ground results are what counts and making sure we have the vehicles to get those results in 2007 will be the principal measure of our success.

National Headquarters
509 Capitol Court, NE, Washington, DC 20002
Phone: (202) 547-6223 Fax: (202) 547-6450
www.nacdnet.org

DOCUMENTS SUBMITTED FOR THE RECORD

MAY 1, 2007

COMMENTS

OF

AMERICAN PEANUT SHELLERS ASSOCIATION

BEFORE THE
U.S. SENATE COMMITTEE ON AGRICULTURE, NUTRITION AND FORESTRY

Submitted by
John T. Powell
Executive Director

Mr. Chairman and members of the Committee:

These comments are submitted on behalf of American Peanut Shellers Association (APSA). Our members handle approximately 80% of the peanuts grown in the United States and operate throughout all peanut growing regions of our country.

Grower Expertise

It is our general inclination to leave many of the features of the Peanut Title of the Farm Bill to peanut growers. In many instances growers have greater experience and expertise than do we. However, since shellers market virtually all the peanuts grown in this country, we do feel we have something to offer the industry and the Committee with respect to issues relating to marketing of peanuts.

Commitment to Free Market

The Peanut Title of the 2002 Farm Bill made a commitment to the free market. The old quota system was dismantled and quota holders were paid for their quota. The new system was intended to be one based on free markets. Unfortunately, the administration of the repayment rate by the Department of Agriculture has significantly inhibited U.S. peanuts moving into the free market.

The Department's refusal to follow the intent of Congress in setting the repayment rate has seriously eroded the U.S. position in international markets.

- 1 -

That issue must be addressed in the new farm bill. We will, along with growers, submit suggestions to the Committee for that important issue.

At this time we wish to focus our comments on any attempt to move away from the commitment to free markets in peanuts.

Forfeited Peanuts

Some have suggested that the market for forfeited peanuts be severely restricted. Such a move would be a serious mistake in our view.

One of the great successes of the 2002 Peanut Title of the Farm Bill was to make U.S. peanuts price competitive with imports. Having freed our farmers to be competitive, U.S. peanuts have virtually eliminated imports into this country. However, it is important to note that the elimination of imports has been due to the price competitiveness of U.S. grown peanuts. The import TRQs under WTO are still available, and on January 1, 2008, imports of peanuts and peanut butter from Mexico become unlimited under NAFTA. Therefore, the substantial threat of competition from imports remains. We must not lose sight of the fact that we simply must be price competitive.

Any attempt to remove peanuts from the free market will inevitably have adverse consequences on the availability of U.S. peanuts, thereby making them less competitive.

There is no better way to build a viable growing industry than to operate in a free market. U.S. grown peanuts have numerous markets available to them.

Some are: the edible domestic market, the edible export market, the oil market both in the U.S. and overseas and the seed market. To legislatively remove access to any of these markets for U.S. grown peanuts will have exactly the opposite effect apparently desired by those promoting such a position. Apparently, the motivation is to raise prices for U.S. peanuts. However, the consequences will be to reduce the U.S. as a reliable supplier and create wide price swings and volatility in the market. This is just the recipe for bad consequences to the entire industry including growers. In many respects, this was the situation that existed under the old quota system. We cannot return to that era.

Federal State Inspection Service

Current law mandates that FSIS inspect all farmers stock peanuts marketed in the U.S. It is our view that legislating a monopoly naturally creates inefficiencies and excessive cost. Therefore, we believe it to be more beneficial to the entire industry for no entity to have a legislative monopoly. This does not mean that FSIS would not inspect peanuts. Rather that FSIS would not have a legislated monopoly and would, therefore, need to be competitive in rates and service.

Loan Service Agent

Most other commodities allow growers to utilize the services of loan

service agents to obtain marketing assistance loans. In the 2002 Farm Bill, the bill as reported to the floor of the House allowed loan service agents for peanuts as well.

Since the peanut industry had historically utilized the services of three area associations, some thought it would be appropriate to allow the associations to act as designated marketing associations for a transition period to assist growers in obtaining marketing assistance loans. We believe it is now time for the peanut industry to utilize the services of loan service agents similar to other commodities. Of course, this would only be an option for the grower who could continue to utilize either offices of Farm Service Agent or designated marketing associations. No grower would be forced to utilize an LSA. With continuing closures of local FSA offices there is a need to allow more grower options for obtaining marketing assistance loans.

Respectfully submitted this 1st day of May, 2007.

John T. Powell
Executive Director
American Peanut Shellers Association
P.O. Box 70157
Albany, Georgia 31708-0157

Coevolution Institute
423 Washington Street, 5th Floor
San Francisco, CA 94111-2339
(415) 362-1137
Fax:415-362-3070
email:info@coevolution.org

BOARD OF DIRECTORS
Paul J. Growald
Chairman
Laurie Davies Adams
Kathy M. Christie
William T. Hutton
Robert J. Lamb
Herbert E. Lembcke
Martin J. Rosen
Bradley A Stirn
Carolyn T. Zwicker

SCIENCE ADVISORS
Paul Ehrlich, Ph.D
Thomas Eisner, Ph.D.
Adrian Forsyth, Ph.D.
Daniel Janzen, Ph.D.
Donald Kennedy, Ph.D.
Peter Raven, Ph.D.
E. O. Wilson, Ph.D.

NATIONAL ADVISORS
Peter Carpenter
Yvon Chouinard
Joan Ganz Cooney
William Conway
Anne Ehrlich
Richard Goldman
Warren Hellman
Ira Michael Heyman
Scott McVay
Will Rogers
Peter Seligmann
Martha Stewart
Jerry Tone
Chuck Williams

May 1, 2007

Submitted to the Agriculture, Nutrition and Forestry Committee, U.S. Senate

Mr. Chairman and Members of the Committee, my name is Laurie Davies Adams; and I am Executive Director of the Coevolution Institute (CoE). CoE commends the Committee on Agriculture, Nutrition and Forestry for holding this timely hearing on the conservation policy recommendations for the Farm Bill. CoE is pleased to submit these comments for the hearing record. In brief, the Coevolution Institute (CoE) recommends that existing Farm Bill conservation, forest management, research and other programs designed to work with and assist farm, ranch and forest land managers be strengthened to better address managed and native pollinator needs by adding targeted authorizing language and supporting report language to current program authorities in the next Farm Bill. Similar opportunities exist in other Farm Bill programs, such as research and extension and forestry.

INTEREST OF COEVOLUTION INSTITUTE

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

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

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

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

POLLINATORS PLAY CRITICAL ROLE IN AGRICULTURE AND ARE AT RISK

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

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

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

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

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

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

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

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

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

Conservation Title Programs Can Be "Pollinated"

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

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

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

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

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

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

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

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

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

Other USDA Programs

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

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

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

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

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

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

Integration & Coordination

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

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

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

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

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

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

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

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

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

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

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

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

NATIONAL POLLINATOR WEEK JUNE 24-30, 2007

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

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

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

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

Respectfully Submitted,

Laurie Davies Adams
Executive Director

Statement of

Cullen Bryant
Farmer
On behalf of the South Carolina Farm Bureau

For the

United States Senate
Committee on Agriculture, Nutrition and Forestry

Conservation policy in the farm bill

May 1, 2007

Thank you for the opportunity to submit a written statement for your consideration concerning conservation policy within the Farm Bill.

I think most people do not have a clear understanding of just how important agriculture is in protecting and preserving the environment. Let me say that a successful farm policy should include incentives to encourage voluntary market-based, soil, water, and air quality programs. Agriculture has proven that it plays a major role in producing a healthy environment. The numbers show that participation in conservation programs has grown on our farms and ranches and contributions to the environment are having a positive impact. Through good management practices and conservation programs agriculture has contributed a great deal to reducing discharge into our lakes, rivers and streams. EPA studies indicate that the quality of ground water has also improved as a result of these efforts.

Conservation programs focused on enhancing environmental quality and protecting wildlife habitats has proven to be affective in fulfilling the intentions of the programs. Programs such as the Conservation Security Program (CSP), which is administered by NRCS, is a voluntary program that provides financial and technical assistance and its purpose is to promote the conservation and improvement of soil, water, air, energy, plant and animal life. The Environmental Quality Incentives Program (EQIP) is designed to identify conservation concerns and set conservation priorities to address soil erosion, water quality, wildlife habitat and other resource issues. The primary objectives of EQIP are:

- Reduce non-point source pollution
- Reduce emissions that contribute to air quality impairment
- Reduce soil erosion and sedimentation on agricultural lands
- Promote at-risk species habitat conservation

The Conservation Reserve Program (CRP) has worked well and we feel that the qualifications should be limited to those locations that are considered critical need of conservation. We are supportive of the current 39.2 million-acre level for the program.

Conservation programs should continue to be an important part of the Farm Bill with a focus on working lands rather than land retirement programs. Conservation programs should work in conjunction with current commodity programs and not established at the expense of fully funding current commodity programs.

Thank you again for the opportunity to provide a statement for the record to the Committee.

Statement for the Record on behalf of the

National Cattlemen's Beef Association

With regard to

Agricultural Conservation Programs

Submitted to the

United States Senate – Committee on Agriculture, Nutrition and Forestry

The Honorable Tom Harkin, Chairman

Submitted by

Jay H. Truitt

Vice President, Government Affairs
National Cattlemen's Beef Association

May 1, 2007

National Cattlemen's Beef Association

Mr. Chairman, and members of the Committee, my name is Jay Truitt, and I am the Vice President of Government Affairs of the National Cattlemen's Beef Association. Producer-directed and consumer-focused, NCBA is the trade association of America's cattle farmers and ranchers and the marketing organization for the largest segment of the nation's food and fiber industry, and is the only voice of cattle producers in Washington, D.C.

Cattlemen are true environmentalists. For centuries, we have been stewards of our nation's land and resources. Our livelihood is made on the land, so being good stewards of the land not only makes good environmental sense, it is fundamental for our industry to remain strong. Some of the cattle industry's biggest challenges and threats come from the loss of natural resources. Our industry is threatened every day by urban encroachment, natural disasters, and misinterpretation and misapplication of environmental laws. The conservation of our nation's natural resources is imperative, and cattle producers have a vested interest in keeping land healthy and productive, keeping water and air clean, keeping wildlife abundant, and keeping ecosystems diverse. We strive to operate as environmentally friendly as possible, and it is through the conservation programs in the Farm Bill that we can achieve a partnership with the government to this end.

The goal of conservation programs is to achieve the greatest environmental benefit with the limited resources available. The U.S. Department of Agriculture (USDA) has numerous programs that are currently utilized by cattlemen, and we know that these programs will be a large part of the 2007 Farm Bill. I appreciate the opportunity to talk about the cattlemen's position on these programs.

In general, NCBA's priorities in the upcoming Farm Bill are to:

1. Support a reduction of the federal deficit while assuring funding for Farm Bill priorities, without agriculture bearing a disproportionate share of the reductions,
2. Minimize direct federal involvement in agricultural production methods,
3. Preserve the individual's right to manage land, water, and other resources,
4. Provide an opportunity to compete in foreign markets, and
5. Support equitable farm policy.

NCBA believes government policy should enhance the individual's right of free choice in land use, soil conservation, water conservation, energy use, and utilization of working lands conservation methods that are based on sound science and economics.

Paramount to any discussion regarding conservation programs is the need to protect individual private property rights. Federal conservation policy should reflect both the U.S. and state constitutions and enhance an individual's right to free choice regarding land, water, soil and energy use, development, and conservation. The rights of private landowners must be protected. NCBA opposes any federal policy that results in the loss of private lands or water rights without specific procedures of due process of law and just

compensation. Agreements involving individual private land and water rights must be the decision of individual private property owners.

Within the Conservation Title of the Farm Bill, NCBA supports working lands programs. This includes the Environmental Quality Incentives Program (EQIP), the Wildlife Habitat Incentives Program (WHIP), the Conservation Security Program (CSP), and the Grassland Reserve Program (GRP). The goal of conservation programs should be to maintain a balance between keeping well-managed working lands in production and providing for conservation of species and natural resources. Many producers would like to enroll in various USDA conservation programs such as the Conservation Reserve Program (CRP) to reach environmental goals. However, enrolling in these programs requires the producer to stop productive economic activity on the land enrolled. We believe economic activity and conservation can go hand in hand. As such, we support the addition of provisions in the next Farm Bill that will allow more working-lands programs that will have tangible benefits on environmental quality, and help to improve our ranching lands.

Given the limited resources that are available, NCBA would like to see overlap and redundancy in programs eliminated, and efficiency of programs improved. The way to get the best value out of these program dollars is to have the method of delivery as clear, concise, and quick as possible. Consolidation and streamlining, as suggested in the Administration's Farm Bill proposal, is one way to achieve that. We are happy to work with the Committee to make sure any streamlining or consolidation continues to serve the needs of cattle producers.

The most popular program among cattlemen is the Environmental Quality Incentive Program, or EQIP. This financial cost-share program rewards and provides incentives to cattle producers for their environmental stewardship. USDA's Natural Resources Conservation Service (NRCS) assists producers in the development of long range conservation plans, and then offers incentives through cost sharing for the landowner to incorporate best management practices to accomplish the objectives of the plan. EQIP is the best, most effective way to get conservation projects and practices implemented on the ground for cattlemen.

In the 2002 Farm Bill, EQIP saw a large increase in funding. Even with that increase, there still remains a substantial backlog of applications for the program. NCBA supports increased funding for EQIP within the Conservation Title, so that the program is able to provide more producers with financial assistance as they work to implement good conservation practices and projects. Livestock production happens largely without the benefit of a safety net, like many of the commodity programs have. Environmental concerns are one of the biggest threats to our industry. That said, NCBA supports the continuation of the provision in the 2002 Farm Bill that devotes sixty percent of EQIP funds to livestock.

Although popular, EQIP has a few problems we'd like to see addressed in the upcoming Farm Bill.

Many ranchers have complained that the time and paperwork required to apply for EQIP funds makes the program an unattractive and burdensome program. Understanding that funding is limited, one method to realize more dollars for the end users of conservation programs would be to make the program more user-friendly and less arduous. We understand that the verification of records in order to ensure that appropriate qualifications are met is very important, but achieving a more efficient application method and accountability system would result in more dollars being spent on actual conservation. NCBA supports streamlining on a larger scale, between overlapping programs, as well as within the programs. A streamlined and efficient overall program is key to making the most of taxpayer's dollars.

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

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

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

NCBA believes changes in EQIP contracts should be implemented to make this program more attractive to producers. Currently, ranchers are assessed unreasonable penalties associated with the cancellation of an EQIP contract. These penalties can be up to 20 percent of the total financial and technical assistance obligated to the participant, even if little work has been performed by NRCS. NRCS should not require an applicant to sign a contract until the final cost of the contract is known and approved by the producer. Producers should also be allowed to periodically review and revise the terms

of multiple year contracts to adjust for inflation and the rising costs of materials over time, when justified. Finally, NRCS should provide a least-cost alternative to applicants when engineering for the government's share.

NCBA also believes that additional management tools should be available for range restoration within EQIP. In addition to mechanical treatments, modern recovery techniques, which have proven to be safe, efficient, and cost effective, should be available for range restoration within EQIP, including the use of herbicide.

One of the reasons EQIP is so popular among ranchers is the fact that it is a working-lands program. We believe that conservation programs that keep land in production and do not artificially limit its use are best for the ranchers and for reaching the goal of conserving our resources. Other working-lands programs that we support include the Wildlife Habitat Incentive Program (WHIP) and the Grassland Reserve Program (GRP). These programs help keep landscapes in tact, keep producers on the land, address resource concerns, and mitigate mounting environmental pressures. WHIP's cost-sharing and technical assistance provisions provide assistance to conservation-minded landowners who are unable to meet the specific eligibility requirements of other USDA conservation programs. A healthy wildlife population is generally a sign of a healthy ecosystem, which is conducive to a healthy cattle operation.

The Grassland Reserve Program, new in the 2002 Farm Bill, proved to be hugely popular. NCBA supports continued funding for the GRP program to help conserve our nation's working grasslands. Unfortunately, many ranchers are skeptical of participating in GRP because they simply don't trust the government. To solve this problem, the 2007 Farm Bill should give USDA more flexibility to allow private land trusts to hold and negotiate the terms of GRP easements. A major benefit of this approach is that if a private land trust negotiates and holds an easement, they can enforce and manage the easement at little ongoing cost to the public. The interest in conservation from the ranching community is tremendous – we just need more flexibility in current programs to make them workable.

We also believe that third parties should be able to use their own easement template for a GRP easement, as long as it includes the necessary grassland conservation restrictions. This would make the program more acceptable to landowners, allow land trusts to apply their expertise in perpetual easement management and administration, and enable GRP dollars to potentially be combined with dollars from other conservation programs.

GRP easements should have the ability to be transferred to other qualified organizations in the event of dissolution or if they are unable to fulfill their easement monitoring responsibilities. NCBA asks the Committee to provide the ability to transfer GRP easements to non-profit organizations before handing over to the government in cases where the original easement holder is unable to fulfill its monitoring and enforcement duties. Landowners are very wary of an easement automatically defaulting to the government. We understand that the government must protect their interest in the

easement, but we urge the Committee to build flexibility into the program to allow the easement to be transferred to another qualified land trust before it reverts to the government.

The Grassland Reserve Program has been very successful in helping landowners restore and protect grassland while maintaining the acres for grazing and haying. This is in huge contrast to programs such as the Conservation Reserve Program or CRP. Considering the fact that 28 million CRP contracts will expire over the next five years, and considering the fact that the 2007 Farm Bill will be dealing with less funding than in 2002, we believe that the CRP is one of the programs that should be considered for reevaluation and savings.

The CRP is a program designed for the purposes of reducing soil erosion, protecting water quality, enhancing habitat for wildlife, and decreasing overuse of lands not suited to farming. These are worthy goals, but we believe the USDA should consider targeting the program to acres that would produce the most significant environmental benefits. Emphasis should be placed on enrolling buffer strips, grass waterways, and only the most environmentally sensitive portions of farms so that program dollars provide the most benefit to the public. We discourage the enrollment of entire fields or farms; a practice that we believe adversely affects local economies, makes it difficult for beginning or disadvantaged producers to enter farming and ranching, and may not provide the level of environmental benefits that we believe should be the focus of the program.

With the current program, NCBA is opposed to haying and grazing on lands enrolled in the CRP program except under a few limited conditions. These conditions include:

(1) In case of drought or other emergency situation declared by the Secretary of Agriculture, including emergencies caused by fires on private or public rangelands;

(2) In the case of incidental grazing in conjunction with grazing contiguous crop residue or stubble on lands enrolled in continuous sign-up CRP or the Conservation Reserve Enhancement Program (CREP), or

(3) In the case of a USDA determination that maintenance or management is required on land enrolled in CRP to maintain plant health and proper resource management.

We believe that in all instances of haying or grazing on lands enrolled in the CRP, continuous sign-up CRP, or CREP, the payment should be reduced by the value of the forage harvested or grazed. NCBA believes that managed grazing on CRP lands should be permitted during the primary nesting season where State Technical Advisory Committees recommend it under an approved plan.

While NCBA does not support grazing of CRP lands as part of a continuous grazing program, we do support haying and grazing to maintain plant health and proper resource management when determined by the NRCS or FSA, with reductions in payments whenever appropriate.

CRP acres must be properly maintained at a higher level into the future. Problems exist due to noxious weed invasion, as well as proper growth control of desired species. This required management is often very costly and in many instances could be accomplished through very prescriptive haying and grazing. These two practices have proven very effective and efficient on private and federal lands.

Emergency use of CRP lands during a disaster declaration due to drought or fire on private or public rangelands is important to ranchers. By allowing emergency use of these lands, many livestock producers—who otherwise may have been forced out of business as a result of a disaster—are able to stay in business. We support the continued allowance of CRP lands for this reason at the designation of the Secretary of Agriculture through state advisement. We also support payment reductions when CRP lands are used in cases of disaster.

Because of a recent court decision, grazing on CRP has been limited to once every ten years. NCBA believes that managed haying and grazing is a valuable tool in the maintenance of CRP acres, both to manage the forage as well as to reduce fuel loads and to keep plant communities vibrant. We are concerned about these recent judicial actions aimed solely at wildlife concerns that do not take into consideration the environmental benefits of haying and grazing of land under CRP contracts, and ask the Committee to clarify their intent in the law.

Another program the Cattlemen support is the Conservation Security Program. CSP was a new program in the 2002 Farm Bill that rewards those of us that have been conservationists and have spent time and money in the past improving our land, water, and wildlife habitats. CSP also provides an incentive to those who have not participated in conservation programs to become involved and improve their operations which in turn will benefit the environment. NCBA is a strong supporter of CSP, but believes that necessary revisions are needed for the program to reach its full potential.

Producers are frustrated with the implementation of CSP through the watershed approach. In a given year, eligibility for the program may depend upon which side of the road an operation is on. Not knowing from year to year which watershed will be eligible does not allow producers time to prepare all of the documentation and paperwork necessary to apply for CSP. We have heard from our members that rangeland, as a general rule, ranks lower in CSP, and therefore is at a disadvantage. NCBA believes that keeping rangelands healthy is imperative, and would hope the CSP program would reflect that. We look forward to working with both the House and Senate Agriculture Committees as they work to make the revisions to this program and bring it to its full potential for natural resources and producers.

When it comes to the implementation of USDA's conservation programs, it is imperative that we ensure adequate support and technical assistance to make these programs successful. Resources must be allocated to maintain adequate NRCS personnel at the local level to provide the technical assistance necessary to implement successful rangeland conservation programs. Ranchers need a dependable and recognized source of technical assistance in order to meet rangeland conservation needs.

USDA's conservation programs are a great asset to cattle producers. We want to see them continued and refined to make them more producer-friendly and more effective in protecting the environment in a sensible manner. NCBA looks forward to working with the Committee to assure any revisions to the conservation programs continue to serve the needs of cattle producers across the country. Thank you for the opportunity to express NCBA's views with you here today.

STATEMENT OF

JOHN FRAMPTON, DIRECTOR
SOUTH CAROLINA DEPARTMENT OF NATURAL RESOURCES

FOR THE

COMMITTEE ON AGRICULTURE, NUTRITION AND FORESTRY
U.S. SENATE

ON

2007 FARM BILL CONSERVATION PROGRAMS

MAY 1, 2007
SENATE RUSSELL BUILDING
WASHINGTON, DC

Mr. Chairman and members of the Committee, my name is John Frampton. I am the Director of the South Carolina Department of Natural Resources. Our mission at the DNR is to serve as the principal advocate for and steward of South Carolina's natural resources. Healthy and abundant natural resources are vital to the quality of life of our citizens, and the economy of South Carolina.

Nearly 90% of South Carolina is under private ownership, and conservation of our precious natural resources depends on the stewardship of our citizens. Our staff is dedicated to working with farmers, ranchers, and private forest owners to further our fish and wildlife conservation goals and benefit our citizens. This includes working with USDA on Farm Bill conservation programs to provide much needed fish and wildlife expertise and to help deliver technical assistance to landowners. In fact, we think this is so important we currently employ three wildlife biologists that are located in county USDA Service Centers to work directly with USDA staff, and an agricultural liaison biologist to coordinate landscape-level planning for fish and wildlife on private agricultural lands statewide. Additionally, South Carolina works closely with conservation organizations and other state fish and wildlife agencies across the country through the Association of Fish and Wildlife Agencies to find ways to improve fish and wildlife habitat and increase benefits from Farm Bill conservation programs. I would like to highlight some of the successes accruing from Farm Bill conservation programs in South Carolina.

The Indian Creek Wildlife Habitat Restoration Initiative utilizes funds from the Wildlife Habitat Incentives Program (WHIP) to target improvements to forest health and wildlife habitat in the Indian Creek area of Newberry County and encompasses about 16,600 acres in National Forest lands and adjacent private lands. The Wildlife Habitat Restoration Initiative is a cooperative partnership comprised of private landowners, U.S. Forest Service, DNR, S.C. Forestry Commission, the Natural Resources Conservation Service, Clemson Cooperative Extension Service, Quail Unlimited, the National Wild Turkey Federation, and the East Piedmont Resource Conservation and Development Council.

More than 5,000 acres (~275 miles) of South Carolina farmlands have been enrolled in the Conservation Reserve Program (CRP) CP33 practice- Habitat Buffers for Upland Birds. This will provide critical habitat elements for bobwhite quail and several species of songbirds that have exhibited declining populations.

South Carolina is part of the CRP Longleaf Pine National Priority Area, an initiative to increase longleaf pine forests by 250,000 acres throughout 9 southern states. This will provide high quality habitat and nesting cover for many wildlife species, including quail, turkeys and some threatened and endangered species. Expanding longleaf forests will protect land and waterways from erosion and sedimentation. Planting longleaf pine trees will help improve drinking water supplies and increase hunting opportunities. Also, longleaf stands withstand the effects of hurricanes better than other softwood trees. Additionally, these wooded areas provide valuable forest products and sequester greenhouse gases.

Partners for Trout is a coalition comprised of the Pickens, Greenville and Oconee Soil and Water Conservation Districts, U.S. Fish and Wildlife Service, S.C. Department of Natural Resources, Trout Unlimited, private landowners and the Foothills Resource Conservation & Development Council. The group utilizes Wildlife Habitat Incentive Program (WHIP) funds to restore and enhance trout streams in South Carolina. South Carolina's trout fishery generates more than $9 million annually for the state's economy in direct retail sales, with a total economic output of more than $18 million, according to a study on the economic benefits of freshwater fishing in South Carolina.

Collaborative efforts between state fish and wildlife agencies, private landowners, and the USDA are increasingly important and essential to achieving local, state and regional fish and wildlife conservation goals. State fish and wildlife agencies' together with their non-governmental conservation organization partners provide valuable knowledge, expertise, and resources to private landowners participating in

voluntary, incentive-based Farm Bill conservation programs and to the USDA. These collaborative efforts and collective expertise generate mutual benefits for state and federal agencies while providing additive benefits to society. These benefits include higher quality fish and wildlife habitat, better water quality and conservation, improved air quality, and maximizing returns on the taxpayers' investment. Farm Bill conservation programs also reduce terrestrial habitat conversion and fragmentation, while keeping producers and ranchers on the land, which is key to successful conservation efforts. Through state fish and wildlife agencies' conservation efforts in cooperation with conservation NGOs and USDA, implementation of past and current Farm Bill conservation programs has resulted in important and significant conservation benefits and results.

We appreciate the increased role and importance of conservation in agriculture and its role in private land stewardship. This has led to consensus and partnerships among government and private interests, including farm and commodity groups, individual farmers and ranchers, and hunters and anglers. Reauthorization of the 2007 Farm Bill will create new opportunities to improve the design and implementation of these programs. I offer the following recommendations for consideration as your deliberations on reauthorization progress. These recommendations will improve benefits to fish and wildlife while continuing to conserve air quality, soil and water resources.

- Increase Funding Authorization -- Support maintaining or increasing authorized funding for all conservation programs to meet the nation's conservation needs. Demands for conservation programs will likely grow, as will escalating pressure to increase agricultural production for food, fiber, biofuels and global exports.
- Fish and Wildlife as Co-Equal Priorities -- Fish and wildlife should be co-equal priorities with soil and water in authorization and implementation of all conservation programs of the Farm Bill, including but not limited to establishment, maintenance, monitoring and evaluation.
- Integrate On-the-Ground Expertise -- State fish and wildlife agencies have statutory authority and responsibility for management of fish, wildlife, and habitats within their borders. Implementation of Farm Bill conservation programs and their results directly affect states' ability to manage their public trust resources. To maximize conservation opportunities and improve technical assistance delivery, the Secretary of Agriculture should recognize the management authority of state fish and wildlife agencies and readily enter into cooperative agreements for all conservation programs to help USDA design, administer, plan, implement and monitor conservation programs. TSP certification of state fish and wildlife agencies is time consuming for NRCS staff and is an inefficient use of program funds.
- Habitat Technical Teams -- Establish a Habitat Technical Team in each state to provide technical guidance and expertise from natural resource professionals to USDA agencies' state level decision-making authorities on conservation programs regarding fish and wildlife habitat needs.
- Integrate Conservation Priorities -- Program priorities should be established at the state level through conservation partnerships in order to strategically implement programs and allocate funds at a scale that appropriately addresses conservation priorities of the State or region. USDA conservation program priorities should be integrated with fish and wildlife conservation plans at the state, regional, and national levels such as the National Fish Habitat Action Plan, States' Wildlife Action Plans, and other conservation initiatives.
- Increase Benefits to Threatened & Endangered Species -- An alternate criterion should he created in statute that authorizes the Secretary of Agriculture to grant a waiver to exceed the CRP 25 percent county cropland acreage cap in order to address specific species' habitat needs as supported by the US Fish and Wildlife Service and the appropriate state fish and wildlife agency(s) such as to preempt the need to federally list a species as threatened or endangered, to assist in the de-listing of a state or federally listed species or to assist in the conservation of a candidate species.
- "Sodsaver" or Non-cropland Conversion – Any land that does not meet the definition of cropland, as determined by the USDA/Farm Service Agency, converted from non-cropland status to cropland

should be made ineligible for any federal benefit, including but not limited to price and income support payments, crop insurance, disaster payments, conservation program enrollment, and FSA farm loan benefits. To preserve its identity, non-cropland converted to cropland shall be reconstituted as a separate farm by FSA.

- Conservation Compliance – Sodbuster/swampbuster compliance should be linked to all federal farm program benefits including crop insurance and disaster program eligibility. A farm shall be ineligible to receive federal benefits for the year noncompliance is discovered. Following year eligibility may be approved if noncompliance is rectified and restoration certified within 6 months of discovery.
- Conservation Reserve Program (CRP) – Reauthorize CRP and ensure the competitive viability of the program. Overall CRP acreage should expand to 45 million acres.
- Wetlands Reserve Program (WRP) - Increase WRP to 300,000 acres per year to improve wetlands conservation, mitigate wetlands loss, provide migratory bird and fisheries habitat and improve water quality. Decouple WRP from CRP 25% county acreage caps. Easement values should be based on appraisals that assess the current fair market agriculture value of the acres offered to remove these marginal, disaster-prove croplands from production.
- Grasslands Reserve Program (GRP) - Increase GRP to 2 million acres per year. Require that a minimum of 60 percent of the agreements are long term easements of 30 years or more. Provide incentives for large tract non-cropland native grasslands.
- Wildlife Habitat Incentives Program (WHIP) - Gradually increase the WHIP funding from $100 million to $300 million over the course of the 2007 Farm Bill with a significant portion of new funds targeted for aquatic restoration activities, including instream habitat improvement projects. Enhance conservation partnerships and program benefits by incorporating the assistance of states, municipalities and non-government organizations to deliver and manage WHIP.
- Access – Include a provision based upon "Open Fields" legislation, S. 548/H.R. 1351 in 109th Congress, to provide $20 million per year in grants to fund state-managed voluntary access programs. Program funds shall be used to enhance wildlife management and improve recreational opportunities on land enrolled in farm bill conservation programs.
- Forestry - Increase technical, education, and outreach to forest landowners through existing programs such as the Forest Stewardship Program and others that provide much needed funding for cost-sharing of forest management practices on private lands. This will enhance management for fish and wildlife habitat, air and water quality, recreation and timber production. Increase funding for the Healthy Forests Reserve Program (HFRP) and modify HFRP to include options for permanent easements.
- Conservation Security Program (CSP) – Reauthorize CSP and ensure it provides increased measurable and consistent benefits for fish and wildlife conservation. CSP should require fish and wildlife habitat improvement components for all program tiers and require that NRCS engage federal and state fish and wildlife agencies and non-government conservation organizations when developing fish and wildlife habitat criteria and assessments. CSP should enhance other USDA conservation programs and not replace or reduce their funding.
- Farm and Ranchland Protection Program (FRPP) – Reauthorize at $300 million per year. Allow transfer of water rights on enrolled land consistent with state law. Allow landowners the right to prohibit non cropland conversion on land subject to the easement. Require Resource Management Systems (RMS)-level plans, including Soil, Water, Air, Plants and Animals (SWAPA) to be eligible. If forested land is on the FRPP acreage, establish scoring criteria to reward farm owners with Forest Stewardship Plans.
- Environmental Quality Incentives Program (EQIP) – Reauthorize EQIP, increase allocation percentages for fish and wildlife practices, and increase opportunities for private forestland owners. Create an accounting system that ensures and measures net water gains toward in-stream flows or groundwater benefits from practices designed to conserve and increase water quantity and more accurately track completed practices for monitoring benefits and effectiveness.

- Biofuels and Renewable Energy -- Research and development funding should promote the next generation of biofuels and renewable energy technology based on sustainable polycultures that are consistent with fish, wildlife, soil, nutrient management and water conservation goals. Taxpayer investment in conservation and wildlife gains accomplished during the past 20 years under Farm Bill conservation programs should not be sacrificed or diminished.
- Conservation Performance Measures – Identify and authorize specific mechanisms for tracking the success of conservation measures through cooperative and collaborative monitoring and evaluating of all Farm Bill programs by states, conservation organizations, USGS, EPA, USDA, FWS, and Cooperative Fish and Wildlife Research Units that authorizes funding necessary to evaluate programs' conservation benefits and effectiveness, and provides subsequent reporting of the findings for the application of adaptive management.

I look forward to working with the Committee to develop and support a comprehensive array of strong conservation policies and programs in conjunction with the 2007 Farm Bill. We need to continue, and build, on the legacy and framework of federal policies and programs supporting natural resource conservation, which are vital to our conservation efforts in South Carolina. Thank you for the opportunity to provide a written statement.

May 1, 2007

NATIONAL

Honorable Tom Harkin, Chairman
Senate Committee on Agriculture, Nutrition and Forestry
Room 328-A Senate Russell Building
Washington, D.C. 20510

PORK PRODUCERS COUNCIL

Dear Chairman Harkin:

The National Pork Producers Council asks that you add this letter to the record of your hearing today on the conservation title of the 2007 farm bill. We commend you for holding this hearing and offer you in writing our views and positions on this critical element of the farm bill, one that we have invested so much time and effort into making a success starting well before the 2002 farm bill. The National Pork Producers Council (NPPC) is an association of 43 state pork producer organizations. NPPC is the voice in Washington for the nation's pork producers. We look forward to working with you over the course of the reauthorization of the farm bill.

THE U.S. PORK INDUSTRY

The U.S. pork industry represents a significant value-added activity in the agriculture economy and the overall U.S. economy. Nationwide, more than 67,000 pork producers marketed more than 103 million hogs in 2005, and those animals provided total gross receipts of $15 billion. Overall, an estimated $20.7 billion of personal income and $34.5 billion of gross national product are supported by the U.S. hog industry. Economists Dan Otto and John Lawrence at Iowa State University estimate that the U.S. pork industry is directly responsible for the creation of 34,720 full-time equivalent jobs and generates 127,492 jobs in the rest of agriculture. It is responsible for 110,665 jobs in the manufacturing sector, mostly in the packing industry, and 65,224 jobs in professional services such as veterinarians, real estate agents and bankers. All told, the U.S. pork industry is responsible for 550,221 mostly rural jobs in the U.S.

The hog industry in the United States has seen rapid structural changes in recent years, yet total hog numbers have trended up since 1990. In 1990, inventories were 54.5 million head; data from December 2006 showed inventories over 62 million head. And in 2006 2.74 billion pounds of pork and pork variety meats were exported; U.S. consumers purchased 18.8 billion pounds of U.S.-produced pork. Domestic consumption of pork in 2006 was 3 billion pounds higher than it was in 1990; exports were 2.2 billion pounds higher than they were in 1990.

The U.S. pork industry today provides 21 billion pounds of safe, wholesome and nutritious meat protein to consumers worldwide. In fact, 2006 will be the fifth consecutive year of record pork production in the United States, and all indicators point to another record in 2007. Exports of pork also continue to grow. New technologies have been adopted and productivity has been increased to maintain the U.S. pork industry's international competitiveness. As a result, pork exports have hit new records for the past 15 years. In 2006, exports represented nearly 15 percent of production.

It is without a doubt that pork producers are strong and vital contributors to value-added agriculture in the United States, and we are deeply committed to the economic health and vitality of our businesses and the communities that our livelihoods help support.

PORK PRODUCERS COMMITMENT TO ENVIRONMENTAL PROTECTION

Just as importantly, though, pork producers take a broad view of what it means to be environmentally responsible farmers and business people, and we have fully embraced the fact that our pork producing operations must protect and conserve the environment and the resources we use and effect. We take this responsibility with the utmost seriousness and commitment, and it was in this spirit that our producer members made a major commitment to the Conservation Title of the 2002 Farm Bill.

We were proud of how our commitment helped support in 2002 this Committee's and Congress's efforts to dramatically increase funding for conservation programs, particularly for the Environmental Quality Incentives Program (EQIP). The re-emphasis given in the 2002 Farm Bill ensured that EQIP be directed toward helping farmers deal with their top federal and state regulatory challenges. We looked forward to enthusiastically participating in the EQIP program to help us continue to improve our environmental performance and meet and/or exceed any state or federal regulatory requirement.

Many of the challenges pork producers faced in 2002 remain with us today, and new ones have developed. We still await full implementation of the 2003 Clean Water Act's CAFO rule, which has been delayed as a result of the *Waterkeeper* decision by the U.S. Court of Appeals for the Second Circuit. We now expect the final rule to be issued later this summer. Furthermore, over the next several years, greater emphasis will be placed on the proper management of air emissions from livestock operations. As a result, pork producers see no diminishment in the need for conservation financial assistance, and the associated technical assistance delivery demands, from the 2007 Farm Bill relative to the 2002 bill. It is in this light that our comments are offered.

NEW DIRECTION FOR CLEAN WATER ACT CAFO POLICY

Pork producers, along with others in the livestock and poultry sectors, called on Congress in 2002 to increase substantially the funds dedicated to EQIP. We were facing at that time the anticipated completion in 2003 of a Clean Water Act (CWA) National Pollution Discharge Elimination System (NPDES) rulemaking applicable to animal feeding operations (CAFOs). The 2003 CAFO rule was expected to establish unprecedented environmental requirements on CAFOs, including several thousand pork operations. We, along with the rest of the agricultural and conservation community, appreciated that Congress was able to increase the amount of funds in EQIP in 2002 with the purpose of helping producers comply with federal and state environmental requirements.

The final CAFO rule issued in 2003 did make many of the regulatory changes that had been anticipated, but its issuance was not the end of the policy development process. Subjected to legal challenges across the country after its issuance, all of which were consolidated in the U.S. Court of Appeals for the Second Circuit, the rule was fundamentally revised in two key areas by the court's decision in the so-called *Waterkeeper* case. The court also reaffirmed a key exemption for CAFOs under the CWA. The Environmental Protection Agency (EPA) is now in the final stages of reissuing a CAFO rule to reflect the *Waterkeeper* decision, and that rule is expected later this summer or fall, just as the 2007 Farm Bill should be getting completed for implementation. The net result of these changes, in our view, is that pork producers, and the entire livestock and poultry sectors, need a well-funded and properly functioning EQIP now as much as they did in 2002.

First, the court said in *Waterkeeper* that only a CAFO that is discharging manure into waters of the U.S. can be required to get a Federal NPDES CWA permit. *Waterkeeper* did **not** say that CAFOs could discharge. *Waterkeeper* said that those that are not discharging or planning to discharge cannot be required to get a permit. CAFOs must still not discharge, or face the prospect of substantial penalties under the CWA. Second, *Waterkeeper* said that those CAFOs that are getting an NPDES permit must include with their permit application their Nutrient Management Plan, or NMP, and that the public must be given the chance to review and comment on that permit, and the regulatory agency must review and approve the permit terms in that NMP.

The court also affirmed the CWA's key agricultural stormwater exemption for which CAFOs appropriate land application practices would qualify. The court found that any CAFO that is using "appropriate" manure agronomic land application practices, along with "appropriate" soil and manure testing practices and "appropriate" record keeping, qualifies for the CWA's agricultural stormwater exemption, and the runoff that may be occurring from this land does not constitute a point source discharge.

The overall result of the court's decision has been to create a policy whereby CAFOs **must** avoid manure or waste water discharges from their animal production areas, and they **must** be properly applying manure to land they control. Not to do so will subject them, potentially, to substantial and costly penalties. But all of these water quality protections can be accomplished under *Waterkeeper* **without** the CAFO having to get an NPDES permit. NPPC is of the view that this is a strong and worthwhile development. Producers have strong incentive to properly manage their manure but can do so without having to go the further expense and difficulty of getting a federal NPDES permit and in the process also saving the taxpayer the not inconsequential cost of the regulatory agency having to manage and oversee that permit.

But the *Waterkeeper* decision did something else. High quality, well-performing manure containment and nutrient management practices are as important as they were in 2002, and for that CAFO deciding not to get an NPDES permit, maybe even more so. It was critically important that Congress add substantial new funding to

EQIP in 2002, and in light of *Waterkeeper* and the revised CAFO rule to be issued, that funding must be preserved under the 2007 Farm Bill and continue to be available to producers seeking assistance with meeting their regulatory requirements.

IMPROVING EQIP'S PERFORMANCE

As we noted above, while we do not think that fundamental policy or administrative reforms to EQIP are needed or desirable in the 2007 Farm Bill, this view should not be read as pork producers' satisfaction with how EQIP has performed under the 2002 Farm Bill. We have testified several times before the House and the Senate over the last few years where we have documented the program's failures with respect to pork producers, and we have offered our views as to why this has occurred. We refer you to that testimony for documentation of this record. NPPC also has appreciated the efforts of the leadership of NRCS to correct this situation over the last few years, and we believe that with some modest changes to the statute, EQIP should be able to provide a more reasonable level of assistance to pork operations.

Sustain EQIP's funding level—It is imperative that EQIP's funding not be eroded in the 2007 Farm Bill. As noted above, the evolving CWA regulatory program applicable to CAFOs means the $1.3 billion a year in EQIP's baseline is needed now as much as in 2002. Furthermore, there is another significant environmental challenge that will soon be facing pork and other livestock and poultry farmers – compliance with the Clean Air Act and possibly with other federal statutes dealing with air emissions. EQIP must be available over the course of the 2007 Farm Bill to help producers adopt air emissions mitigation technologies and practices, and we offer specific suggestions below for how this can be assisted in the context of swine operations.

Furthermore, the period covered by the 2007 Farm Bill will be one where livestock producers will have significant opportunities to make positive contributions to the country's efforts to develop greater renewable fuels supplies and to reduce or offset greenhouse gas emissions. Funds from EQIP can be of tremendous assistance in helping pork producers adopt advanced manure management practices to generate renewable fuels such as methane for firing boilers or driving electricity generation and in the process, to make a significant contribution to reducing overall greenhouse gas emissions. We also offer below specific thoughts on this subject.

The bottom line consideration, given all these needs and opportunities, is that we continue to be major supporters of EQIP and ask that Congress retain the funding in its baseline for EQIP purposes to help ensure these needs can be met.

Reemphasize EQIP's priority on regulatory assistance—The 2002 Farm Bill re-emphasized that one of EQIP's top priorities is to help producers meet their pressing federal and state regulatory compliance needs. In light of the discussion above, the need for this emphasis has not diminished, and we ask that the Committee make a meaningful statement to this effect during the Farm Bill reauthorization.

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

EQIP's current size-neutral orientation is sound—The 2002 Farm Bill also amended EQIP to make it size-neutral when it came to operations seeking EQIP assistance. The 1996 version of EQIP prohibited large livestock operations from receiving financial assistance for structural, manure management facilities. The 2002 Farm Bill removed this prohibition. This entire matter has been among the most contested issues in EQIP since the program was created in 1996. NPPC argued for the removal of this provision in 2002 on the basis of the common sense view that it fundamentally defeated EQIP's environmental purpose by ensuring that the vast majority of livestock producers managing the largest proportion of the country's manure were not eligible for manure management assistance from EQIP. In light of this and the then-pending CAFO rule requirements, which created a need to help commercial livestock and poultry operations deal with the rule's costs to prevent further consolidation in the industry, this limitation needed to be removed. Congress made the decision to do so.

The SWCS and Environmental Defense *EQIP Program Assessment* report discusses this matter. It notes, despite some data limitations, that "the data do suggest, however, that the majority of EQIP financial assistance is not going to practices and operations that were previously prohibited from receiving that assistance." (See page 12). Pork producers believe that in their case the statement can be even stronger. As we can attest, and as the species specific EQIP data available from 2003 to 2005 clearly shows, pork producers both small and large in total only received about 3 percent of all EQIP financial assistance over that period. Large pork producers have clearly not been major recipients of EQIP assistance. NPPC believes that Congress must keep EQIP size-neutral if it is to be able to achieve its environmental goals and does not believe this provision needs any modification in the 2007 Farm Bill.

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

EQIP and wildlife as an example of the need for a new ranking system—Pork producers support wildlife and wildlife habitat. Many of our producers take an active interest in promoting wildlife and wildlife habitat on their farms and in their communities. In this context, NPPC continues to support the use of USDA conservation financial assistance for wildlife habitat. At the same time, pork producers do not believe that wildlife purposes need to be incorporated into each and every conservation financial assistance program. Doing so in EQIP has created frustration and problems when producers find themselves competing against wildlife interests and producers seeking wildlife assistance from EQIP when a pork producer is seeking assistance with critical manure management issues to protect water or air quality. Certainly, as we discuss in greater detail below, in no instance should a pork producer's EQIP application for manure management assistance ever be ranked alongside applications for wildlife assistance. We encourage Congress to consider making this explicit in the EQIP statute.

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

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

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

EQIP Conservation Innovation Grants should be continued—NPPC believes that the Conservation Innovations Grant (CIG) option in EQIP has been a very worthwhile programmatic innovation and that CIG should be continued under the 2007 Farm Bill reauthorization.

Some specific refinements to EQIP—As noted above, pork producers and NPPC are not satisfied with the extremely small amount of assistance provided to swine operations under EQIP since the 2002 Farm Bill. While this must change during the implementation of the 2007 Farm Bill, we believe that relatively modest refinements in the EQIP statute and regulations would permit the program to perform more fairly and reasonably. The particular modest changes to EQIP we are seeking follow below:

- **We request that EQIP be amended to provide more streamlined treatment of EQIP applications for assistance involving the adoption of individual high-value practices that intensify the environmental performance of an already high-performing system.**

  Pork producers' experience with the EQIP application process to evaluate requests for conservation financial assistance is that it commonly undervalues and denies those applications from pork producers involving a limited number of practices with high environmental benefits. Pork producers have invested heavily in advanced manure management systems that involve both storage (and often times treatment) of their animals' manure for several months, nutrient management planning and agronomic manure application practices. Under the Federal Clean Water Act (CWA) CAFO rule to be issued later in 2007, in conformance with the decisions of the Second Circuit Court, all swine CAFOs will need to have zero discharge from their production areas and use "appropriate" land application practices. CAFOs meeting these requirements will not have to get a federal CWA permit, and many will choose not to get a federal permit. But even if no federal permit is used, in essentially all of the major swine producing states, these operations are subject to a state water quality permit or requirements, where the state permit or

requirements represent the comprehensive environmental and conservation management of the manure and land resources involved in the farming system.

Swine producers with these advanced manure management systems are at a considerable disadvantage when applying for EQIP funds. This is because they are commonly looking to EQIP to assist them with the adoption of one or a limited number of targeted practices that raise the intensity of manure management of their operations and are simply elevating even further the level of manure management performance of their system. In practice, such EQIP applications with a limited number of practices are given extremely low priority relative to applications for a larger number of practices, and subjecting them to a full blown EQIP application ranking and evaluation process is a poor use of federal resources and a source of considerable frustration for all involved. This means that swine producers, whose added practice or practices would add considerable environmental benefits on a dollar for dollar basis, are being penalized for the previous environmental and conservation investments on their farms, and the immediate and considerable environmental improvements that would have been possible are not attained;

- **We request that states be encouraged to create separate EQIP funding pools, where each of the pools represents a similar type of farming or ranching system seeking similar types of assistance**.

  Producers from an extremely diverse set of farming or ranching production systems with extremely diverse conservation needs come to EQIP seeking assistance. Each of the major categories of farming systems – specialty crop producers, row crop producers, grass-fed or non-confined livestock or poultry systems and animal feeding operations with animals in housing or confinement – are highly unique in their conservation needs and circumstances and commonly require very different types of assistance from EQIP. But in many states, the process for selecting among applications for EQIP assistance from all of these types of operations involves evaluating all of them together in a single pool after attempting to rank them on the basis of their environmental and natural resource benefits. This process unavoidably ends up creating an "apples and oranges" evaluation system. These operations and their conservation needs cannot be accurately evaluated and compared to each other, and the results are rightfully perceived as confusing at best and unfair at the worst, despite the best efforts of NRCS to be fair and accurate given the information available to them.

  This situation can be avoided to a great extent, if not completely, by creating at the state-level separate pools of EQIP applications representing comparable types of farming and ranching operations with conservation or environmental needs that are as comparable as possible. A pool of EQIP funds at the state level for animal feeding operations all seeking to improve their manure

management systems to protect water and/or air quality can be evaluated as a group and selections made from among them. A similar pool can be created for grass-fed or non-confined livestock and poultry operations. A similar pool can be created for row crop operations and also a pool for specialty crop operations. Exactly how this could be best done will depend on the state, the production systems in that state and their conservation needs. But accuracy and transparency in NRCS's application and evaluation process would result if states adopt this general approach of creating pools of comparable operations and needs.

The EQIP statutory language governing the EQIP application evaluation process is simple and straightforward. The Secretary is directed to create a process that gives a higher priority to assistance and payments that encourage the use of cost-effective conservation practices that address national conservation priorities. NPPC does not believe that this statutory language needs to be amended in that it provides adequate flexibility for the Secretary to create the evaluation process deemed needed. But NPPC requests that Congress express in report language the clear need for the Secretary to create a process at the state level where to the extent possible comparable types of farming or ranching operations with comparable environmental needs are ranked and evaluated, and that such an approach could include the use of separate funding pools intended for this purpose.

- **We request that EQIP be amended to reflect that a CAFO's state or federal water quality permit, by addressing the multiple and relevant aspects of sound manure management on the farm, should be treated as the equivalent of an EQIP plan.**

  As stated above, pork producers have invested heavily in advanced manure management systems. Further, under the forthcoming CAFO rule, all swine CAFOs will need to have zero discharge from their production areas and use "appropriate" land application practices. CAFOs meeting these requirements will not have to get a federal CWA permit, and many will choose not to get a federal permit. But even if no federal permit is used, these operations are going to be subject to a state water quality permit with requirements that represent the comprehensive environmental and conservation management of the manure and land resources involved in the farming system. Essentially, this state or federal permit constitutes all of the elements of an EQIP plan as it relates to manure management on the operation, and the EQIP statute should reflect this.

- **We request that the provisions governing the use of technical service providers (TSP) relative to EQIP be amended to facilitate the greater provision of conservation and nutrient planning and assistance from non-federal employees.**

Consistent with the amendments made to EQIP in the 2002 Farm Bill, NRCS is now allowing EQIP participants to receive EQIP financial assistance funds to acquire from a TSP a CNMP. The financial assistance funds are limited by each state to reflect the costs of acquiring the CNMP from the TSP. But EQIP's statutory authority does not allow for these financial assistance funds to be used by NRCS to contract directly with TSPs for the provision of CNMP development to multiple producers. As a result, some farmers may find that what is required of them in terms of paperwork, management and oversight of the TSP is so great that they do not want to get involved. Significant economies of scale and efficiencies would be possible if NRCS were also able to use these financial assistance funds to contract directly with TSPs so that a single TSP could develop CNMPs for multiple producers. The benefits would include:

1. Efficient NRCS quality control. Once NRCS knows in great detail and with certainty a particular TSP and who will be users on multiple projects for multiple farmers, NRCS really only needs to check closely the work product for the first few projects to ensure they are being done correctly. NRCS then reviews the remaining work products but can devote a much lower level of scrutiny. This saves NRCS time and money – and will save the producer time and money as well because fewer farmers will be waiting for NRCS approval before people are paid.

2. NRCS financial paperwork and accountability. While paperwork will be required of a TSP who is working on a set of projects under contract with NRCS, NRCS will be dealing with only one provider who will know and use properly the financial management systems with fewer errors and delays, and only one check will need to be cut. Audits of such work will only require an audit of one business relationship, not several.

Similar economies of scale are possible, in practice, when producers are choosing to work with a TSP or TSPs whose work quality is well known to NRCS. This is a matter of administrative practice that needs to be considered and evaluated by NRCS to ensure that all possible efficiencies and taxpayer savings are being realized. However, the bundled contracting approach and its possible taxpayer-benefiting efficiencies and the potential for reducing farmer hassle, are simply not possible under current EQIP law when it comes to use of EQIP financial assistance funds for TSP work.

- **We request that Congress express its further support for using EQIP to establish manure management systems that can digest manure for methane production and greenhouse gas capture:**

Finally, farm biogas recovery systems at pork production facilities have the potential to provide not only a cost-effective source of clean, renewable energy that reduces greenhouse gas emissions but can also have a significant impact in reducing the environmental footprint of a swine CAFO. While EQIP funds are currently available for the installation of anaerobic manure digesters, Congress should provide additional encouragement to USDA to ensure that this support materializes.

CONSERVATION SECURITY PROGRAM

NPPC supports the Conservation Security Program and your efforts to reform and strengthen it so that it can begin to achieve its goals of helping a broad range of agricultural producers achieve and sustain a significant level of conservation stewardship on their farms and ranches. We offer our comments below in light of our support for this important program.

A relatively small number of pork producers have sought to or have participated in the Conservation Security Program (CSP), and as such, it has not been a priority focus of NPPC. As a result, it is much more difficult for us to formulate the same kind of in-depth observations and suggestions for CSP as we have provided with respect to EQIP. At the same time, many of our most experienced conservation farmers in the pork producing sector have taken part in the program, or sought to do so, and we therefore do have some body of experience from which to offer you observations. Furthermore, we have heard from pork producers who might have sought to participate in the program or who tried to do so and did not qualify for one reason or another.

First, we cannot emphasize enough the need to develop a program that is legitimately national in scope. It is very hard to create any type of real grassroots momentum for a program and its objectives if the grassroots has not significant, ongoing opportunity to participate. Second, we believe that the program must be made simpler for the agency to implement, simpler for farmers to understand and more transparent for all involved. One possible approach could be, for example, collapsing the current three tiers into two tiers to allow the program to continue to achieve its environmental objectives with a greater level of simplicity. Third, one way to make the program more practical and transparent to farmers and all involved is to ensure that CSP payments are closely tied to what it actually costs, or at least a best estimate of what it actually costs, for a producer to adopt or maintain the practices called for under the tier. Fourth, every effort must be made to create greater certainty and predictability to the application approval and contract funding process over the course of the program year. Determinations of a producer's eligibility, notification of approval or disapproval to producer applicants and the disbursement of funds to contract holders during the program year need to be more predictable and timely.

BETTER TARGETING OF THE CONSERVATION RESERVE PROGRAM

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

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

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

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

AVOID DISRUPTION CONSERVATION PROGRAM REFORMS

Lastly, as your Committee proceeds with the reauthorization of the conservation title of the farm bill, we strongly encourage you to avoid any significant disruption to the Natural Resource Conservation Service's ability to immediately move forward with the delivery of the conservation financial assistance programs. We believe there is a practical limit to how many complicated and disruptive changes that the USDA's Natural Resources Conservation Service (NRCS) can manage as we go from farm bill to farm bill. A tremendous quantity of NRCS's staff time in the field and in headquarters is consumed by developing new policies and learning new programs'

delivery requirements that come from farm bill innovations. Most such changes have been necessary and appropriately called for in the past, and the agency has had to cope with that as our set of conservation policies have been fundamentally reformed over the last 20 years. But there is no question that such changes can be highly disruptive and that in the process can interrupt the agency's basic and important work of delivering conservation assistance to farmers. So every effort should be made to avoid creating such disruptions wherever possible.

Major reforms, for example, were initiated in the Environmental Quality Incentives Program (EQIP) in the 2002 Farm bill. These were good reforms, and our testimony above discusses details in this regard. But further fundamental reforms to EQIP in 2007 would simply throw the program into disarray for a few years, and that time will be lost to NRCS and us as the agency struggles to adapt. Starting in 1985, and in every farm bill since, we have fundamentally changed conservation financial assistance programs or added fundamentally new ones. The 2002 farm bill was perhaps the most significant in this regard in terms of complexity. In general, we are of the view that the operational demands placed on NRCS to implement these changes, in the field and in headquarters, have pushed the NRCS delivery system to the breaking point. This does not help farmers, it hurts them. We encourage you to keep this in mind as you consider reforms to the conservation title.

NPPC's view on this matter should not be read as indicating pork producers are satisfied with how EQIP has performed for pork producers since the 2002 farm bill. Nothing could be further from the truth. Having received nationwide only about 3 percent of the total financial assistance funds made available by EQIP over the last few years, pork producers as a sector are deeply disappointed and very much want to see this situation turned around. Pork producers need EQIP's assistance to help them move forward with their advanced manure management practices and we know that the environment will be the big winner if this can occur. But pork producers are also of the view that this result can be achieved with only modest, non-disruptive changes to EQIP and the program rules. We presented our ideas above in this regard. We need a better performing program that by and large can be achieved without fundamental legal or rulemaking reforms.

Furthermore, NPPC will always support efforts to make the administration of USDA's conservation financial assistance programs simpler and easier wherever possible. This is because such changes could save taxpayer dollars and result in better program service for farmers. We will support such efforts to do this in the 2007 farm bill. But we caution Congress to think carefully about specific administrative reforms from the perspective of what it will do to NRCS's ability to move immediately into the delivery of programs that today, with perhaps some modest changes, will be able to work well. It is very easy to underestimate how much time and effort it will take for agency staff to understand and implement administrative reforms. And it is not at all uncommon for administrative reforms intended to create efficiencies and more "simplified" systems to result in even greater inefficiencies and complications and

associated losses of staff time that could have been better used to deliver services under existing systems and organizations.

Our bottom line consideration is a request that the disruption to the conservation financial assistance programs be minimized as you proceed with reauthorization. We ask that practical, grounded consideration be given to the effects that changes Congress might institute in these programs, whether programmatic, policy, or administrative, could realistically have on the NRCS system's ability to move promptly into delivering assistance to farmers shortly after the farm bill becomes law.

We recognize and support the fact, as noted above, that significant changes are needed in the Conservation Security Program, or CSP, but this represents the exception that proves this rule. Our comments above spoke to the need to find ways for that program to be truly national in scope, simpler to operate, and simpler and more transparent for producers to understand. A complete reinvention is not needed, though, and many of the program elements in existence today should allow you to create in a straightforward manner a simpler and more effective program. We fully understand how difficult this task is. We also know that such changes will require considerable work from NRCS to implement. But this common-sense call to minimize disruption is a good principle to keep in mind as you work on the CSP, too.

We believe that in the case of EQIP and the other conservation financial assistance programs, Congress has in place a good basic platform for the delivery of financial assistance from which NRCS and producers can operate. These programs can be fine tuned, but major extensive additions or complications are not called for in these programs at this time.

CONCLUSION

The National Pork Producers Council and the many pork producers we represent, thank you for holding this hearing and allowing us to share the U.S. pork industry's thoughts on this critical legislation. We respectfully request your continued and focused attention on the matters we have brought to you today, and we look forward to working with the committee.

Support for Pollinator Conservation, Submitted to the Senate Agriculture, Nutrition and Forestry Committee

The undersigned urge the Senate Agriculture, Nutrition and Forestry Committee to add targeted authorizing language and supporting report language that enhances existing Farm Bill conservation, forest management, research and other programs to better address managed and native pollinator needs. Pollinators, agriculture and healthy ecosystems deserve no less.

Candidate programs in the Conservation Title include the Environmental Quality Incentives Program (EQIP), the Conservation Reserve Program (CRP), the Conservation Security Program (CSP), the Wildlife Habitat Incentives Program (WHIP), the Farm and Ranchlands Protection Program, the Grasslands Reserve Program (GRP), the Wetlands Reserve Program (WRP) and the Watershed Rehabilitation Program. Similar opportunities exist in other Farm Bill programs, such as research and extension and forestry.

Please include this as part of the record of the May 1 Committee hearing on conservation policy recommendations for the Farm Bill.

Respectfully Submitted,

Organizations:

American Farmland Trust
Apiary Inspectors of America
Audubon
Center for Native Ecosystems, Denver, Colorado
Coevolution Institute
Defenders of Wildlife
National Wildlife Federation
Partners for Sustainable Pollination
Renewable Natural Resources Foundation
Sunfield Seeds, Inc.
Sustainable Agriculture Coalition
The National Sunflower Association
The Nature Conservancy
Union of Concerned Scientists
Wildlife Habitat Council
Xerces Society for Invertebrate Conservation

Researchers/Other Individuals:

Dr. May Berenbaum, Professor and Head, Department of Entomology, University of Illinois at Urbana-Champaign
Dr. Judith Bronstein, Department of Ecology and Evolutionary Biology, University of Arizona Tucson
Dr. Stephen Buchmann, Department of Entomology, University of Arizona
Dr. Dewey M. Caron, Professor of Entomology and Wildlife Ecology,

University of Delaware
Mary Clock-Rust
Liz Day
Dr. Roger Downer, The Ohio State University
Dr. Paul R. Ehrlich, Professor of Biological Sciences, Stanford University
Dr. Robin Eisman
Dr. Thomas Eisner, Professor of Biology, Cornell University
Elaine Evans, Bee Biologist
Sean Fine, LEED AP, Berkeley, California
Rose-Lynn Fisher, Artist, Los Angeles, California
Paul Growald, Chairman, Coevolution Institute & NAPPC
Dr. David W. Inouye, University of Maryland
Kathy Kellison, Educator/Environmentalist
Dr. Donald Kennedy, Professor of Biological Sciences, Stanford University & Editor, "Science" magazine
Rhonda Kranz, Kranz Consulting
Dr. Claire Kremen, Environmental Sciences Policy and Management, University of California Berkeley
Dr. Gretchen LeBuhn, Associate Professor, Department of Biology San Francisco State University
Kelly C. Lotts, USGS National Biological Information Infrastructure Big Sky Institute, Montana State University
Dr. Peter Raven, President, Missouri Botanical Association
Dr. Molly Rightmyer, Postdoctoral Fellow, National Museum of Natural History
Dr. Allison A. Snow, Department of Evolution, Ecology, & Organismal Biology, The Ohio State University
Dr. Scott M. Swinton, Michigan State University
Dr. Robbin Thorp, Professor Emeritus, Department of Entomology, University of California
Dr. Rogel Villanueva, Research Scientist, El Colegio de la Frontera Sur
Dr. Victoria Wojcik, University of California Berkeley

QUESTIONS AND ANSWERS

MAY 1, 2007

QUESTIONS

PANEL II

1. **All panelists** - The Administration's farm bill proposal called for consolidating the Wildlife Habitat Incentives Program, Agricultural Management Assistance Program, Forest Land Enhancement Program, and the Ground and Surface Water Conservation Program into an expanded Environmental Quality Incentives Program. Do you support this proposal? How would you recommend that the different goals of these individual programs be preserved if they are moved into one larger conservation program?

2. **Ms. Sibbing** – The Natural Resources Conservation Service recently changed the method which they appraise acres for inclusion in the Wetlands Reserve Program. The affect of this change in Mississippi was that no new acres were included in the program last year. What has been the result of this appraisal process nationwide? Does your organization support the new process?

3. **Mr. Harrington** – As a result of Hurricanes Katrina and Rita, thousands of acres of private timber land was damaged or destroyed. Following the storm there wasn't a program in place to help these landowners recover the investment of their timber. Do you believe there is a need to establish a disaster program for forestry that USDA could implement and Congress fund in the event of catastrophic natural disaster on private timber lands?

Ferd Hoefner's Response to Question from Senator Cochran to Panel II

Question: The Administration's farm bill proposal called for consolidating the Wildlife Habitat Incentives Program, Agricultural Management Assistance Program, Forest Land Enhancement Program, and the Ground and Surface Water Conservation Program in to an expanded Environmental Quality Incentives Program. Do you support this proposal? How would you recommend that the different goals of these individual programs be preserved if they are moved into one larger conservation program?

Answer: The Sustainable Agriculture Coalition is open to program consolidations to help streamline the program offerings and create better, clearer choices for farmers and landowners. We support combining CSP, EQIP, WHIP, and GSWCP into a combined working lands conservation program, with common features where appropriate. Such a combined program should feature a common application and sign-up and be divided into basic cost-share and advanced stewardship components. The goals of the underlying programs can be maintained in part by ensuring that the full range of resources of concern is eligible to be addressed under the consolidated program. One difficulty in combining WHIP with other programs is the different eligibility standard since WHIP extends beyond farmers and farmland. In a combined program this might be dealt with either through a small, special program subsection dealing with non-farmland, or perhaps by creating a separate program just for that purpose.

Depending on details, the Sustainable Agriculture Coalition would also be supportive of combining working lands easement programs into a single coordinated program along the lines suggested by the Administration.

O