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OVERSIGHT OF THE CONSERVATION RESERVE PROGRAM

HEARING

BEFORE THE

SUBCOMMITTEE ON FORESTRY, CONSERVATION, AND RURAL REVITALIZATION

OF THE

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY UNITED STATES SENATE

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OVERSIGHT OF THE CONSERVATION RESERVE PROGRAM

WEDNESDAY, JULY 27, 2005

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

The subcommittee met, pursuant to notice, at 10:01 a.m., in SR–328A, Russell Senate Office Building, Hon. Mike Crapo, chairman of the subcommittee, presiding.

Present or submitting a statement: Senators Crapo, Lincoln, and Salazar.

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

Senator CRAPO. Good morning. The hearing will come to order. This is the hearing on the Conservation Reserve Program oversight by the Senate Subcommittee on Forestry, Conservation, and Rural Revitalization.

For the past 20 years CRP has been a tool for farmers and ranchers to voluntarily achieve their conservation goals. Conservation programs such as the CRP have helped producers protect wetlands, water quality, and wildlife habitat while meeting environmental standards. Today the CRP is the Nation's largest Federal program for private lands conservation, with an annual budget of roughly $2 billion and a current enrollment of almost 35 million acres. With more than 22 million acres under CRP contracts that are scheduled to expire in 2007 and 2008, and the upcoming farm bill reauthorization, it is timely to address the long-term direction of the program, including how to deal with expiring contracts and re-enrollments and the effect of the CRP on rural economies.

Additionally, this hearing, as well as the hearing held before this subcommittee yesterday, also provides an excellent opportunity to review how programs involving incentives for landowners can help endangered species and speed recovery efforts. For example, CRP has been credited as a major tool for the restoration of threatened and endangered species across the United States, including salmon and the sharp tailed grouse in Idaho. The most immediate concern, however, is the scheduled expiration of millions of CRP acres between 2007 and 2010. Sixteen million acres will expire in 2007 alone.

Last year, the USDA requested public comment on several long-term policy questions involving CRP. These included whether to

stagger CRP contract expirations, conduct a competitive re-enrollment process, and modify the environmental benefits index.

Today we are going to hear from a number of witnesses with differing views on how to address the expirations and the overall impact of the program on rural communities. Some organizations and individuals have submitted comments to the USDA urging an increase in CRP's environmental benefits, particularly for wildlife, by re-enrolling the expiring acres with the highest environmental value, bringing in new enrollments that significantly benefit wildlife, managing all CRP acres to maximize wildlife benefits, and stopping inappropriate CRP plantings.

At the same time, others have raised concerns that retiring land in rural, largely agricultural communities is negatively impacting local economies by resulting in fewer farmers and farm-supply businesses in those areas. The would like to see a competitive re-enrollment process to ensure that only the most environmentally sensitive land is enrolled in the long-term contracts.

I welcome our witnesses and I look forward to hearing this discussion today. The comments of the witnesses today will help to ensure that the CRP lives up to its potential.

Our witnesses today include James Little, the Associate Administrator of the Farm Service Agency, as our first panel. Following Mr. Little, we will hear from our second panel, which I will introduce at that time, and which includes the farm, conservation, and wildlife interests of the country.

I do want to say that we are expecting that Senator Lincoln may be able to attend here briefly, and if she does make it in, I will probably interrupt and let her make an opening statement at that time, if she chooses to do so, because her schedule today is very time-sensitive.

With that, why don't we go ahead and get started. I will say to you, Mr. Little, as well as to all the witnesses, we like to encourage you to remember the instructions to stick to the 5 minutes. As I always say to our witnesses, it is very difficult to keep to 5 minutes because I know that very few people, including myself, can say everything they want in 5 minutes. But please be assured that the reason we want to hold it to 5 minutes for your initial presentation is because we do want to have opportunity for give-and-take in discussion, and you will be able to get a lot of your points in in discussion as well.

So with that, Mr. Little, why don't you go ahead and proceed?

STATEMENT OF JAMES LITTLE, ADMINISTRATOR, FARM SERVICE AGENCY, UNITED STATES DEPARTMENT OF AGRICULTURE, WASHINGTON, DC

Mr. LITTLE. Thank you. Good morning, sir.

Mr. Chairman, thank you for the opportunity to appear before you today to discuss the Conservation Reserve Program. The President recognizes that, for farmers and ranchers—and I quote—every day is Earth Day. To support this ideal, the President welcomed a strong conservation title in the 2002 farm bill to respond to a broad range of emerging conservation challenges faced by our Nation.

CRP assists farmers and ranchers in reducing soil erosion, improving water quality and air quality, conserving wetlands, and en-

hancing wildlife habitat. CRP participants voluntarily plant long-term resource-conserving vegetative covers on environmentally sensitive land. In return, FSA provides financial assistance.

CRP enrolls environmentally sensitive land on a competitive basis during general signups on a non-competitive, continuous basis. An important subset of the program is the Conservation Reserve Enhancement Program, which uses State, Federal, and private partnerships to addresses targeted, State-specific conservation issues. We are gradually covering the whole spectrum of the country, as you can see from the first chart. Overall, 800,000 participants have enrolled nearly 35 million acres in CRP, producing widespread environmental benefits. The chart on the easel shows you where these are located.

Of the 35 million acres currently enrolled in CRP, 16 million, as you said, are scheduled to expire in 2007 and another 12 million would expire in the following 3 years. You can see in the second chart where the concentration of these acres are located. Last August, President Bush announced that the USDA will offer re-enrollments and extensions on the expiring and existing acres. He also announced initiatives to increase quail habitat and restore non-floodplain wetlands, including prairie potholes and playa lakes, which FSA is diligently working to implement.

FSA issued a request for public comment in the Federal Register on how re-enrollments and extensions should be administered. In the 5,000–plus comments that we received, the public expressed broad support for the program, but they did have varied ideas for implementation. FSA also held a public meeting in June 2005 to obtain additional input. We are analyzing all public comments and expect to announce procedures governing the re-enrollment and extensions later this year.

Also last August, the President announced the Northern Bobwhite Quail Initiative to increase quail numbers by 750,000 birds annually and the Wetlands Restoration Initiative to restore 250,000 acres or larger wetlands outside of the 100–year floodplains.

To make CRP as well as FSA's total program portfolio more efficient and effective, FSA is aggressively modernizing its business case and retooling its information and automation infrastructure. We are already showing much progress. For instance, FSA used Web-based and geographic information technology systems coupled with NRCS's soils data base in the last two general CRP signups, resulting in a significantly compressed signup period with higher quality control and more efficiency than any previous signup.

As we approach CRP's 20th anniversary, CRP has clearly had significant positive impacts on the environment, including the improvement of habitat for endangered and declining species. Our future plans, especially on how to re-enroll and extend expiring acres, will enhance the extraordinary benefits this program has always provided.

For the committee's information, I have attached detailed CRP performance data and other program information.

This concludes my oral statement. I will be glad to answer any questions that you or other members of the committee might have.

[The prepared statement of Mr. Little can be found in the appendix on page 2.]

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

In your testimony, you talked about changes that have been made to the Environmental Benefits Index since it was developed to evaluate the environmental benefits as well as the cost of enrolling in the program. And some, including witnesses who will be here today, have urged further enhancements to the EBI prior to accepting re-enrollments or new contracts. Are you planning to make such modifications or any kinds modifications to the EBI.

Mr. LITTLE. Well, as we move forward in implementing the President's commitment to re-enrollment existing acres and expiring acres, we are evaluating that as we speak. As a matter of fact, one of the issues that is included in the EBI is cost. We are in the process now working with NRCS to reevaluate and reset our local rental rates because we find in some portions of the country some rental rates are higher than the local market, some are lower. So we're looking at cost as one item. We are also looking at making sure that the way we establish the EBI, right now it is basically using water quality, soil erosion, and wildlife, along with cost. Based on the comments, we will be taking a look at whether or not we are going to redo the EBI as we move forward in establishing the President's commitment.

Senator CRAPO. Thank you. Do you also expect to make other policy changes, such as adjusting the rental rates or rebalancing the purposes of the program?

Mr. LITTLE. Well, I mean, that—you know, as you mentioned, that is one of the, some of the comments that we have been hearing. By using the three criteria—wildlife, soil erosion, and water quality—sometimes does focus it into areas, more specific areas. If we were to look primarily at water quality, there might be a shift. If we looked at soil erosion, there might be a shift. If we just looked at wildlife, there might be a shift. So we are taking all of those into consideration as we move forward in making a decision.

Senator CRAPO. All right, thank you.

As you are probably aware, yesterday we held a hearing in this committee with regard to the conservation programs of the farm bill in general and how they might be able to be coordinated more effectively with species recovery and assisting landowners to have the proper incentives to implement obligations under the Endangered Species Act. In your testimony, you mention some of the specific ways in which CRP has increased wildlife, such as the example of increasing the numbers of ducks by over 2 million.

In this regard, I think it is vital that we develop the tools that allow us to quantify the benefits of our conservation programs. And at the hearing yesterday, Chief Knight shared that the NRCS is working to have some interim work done soon on the Conservation Effects Assessment Program, CEAP. And I recognize that such work takes a lot of time to ensure that it is done right, but I want to reiterate the importance of having something in place that helps us to tell the story of conservation benefits in numbers and science, not just by anecdotes. And I welcome your comments today on the ability of the USDA to quantify the results of the CRP as we prepare for the farm bill reauthorization.

The question I have is, is the FSA working with the NRCS on the Conservation Effects Assessment project, and what other efforts is the Agency engaging in to measure these outcomes?

Mr. LITTLE. That is a very good question, sir. As a matter of fact, under CEAP, NRCS and FSA are fully cooperating together to provide the funds to go out into the marketplace, so to speak, to ensure that we do have the science to go along with the program. As a matter of fact, under PART, under the President's Accountability—under the President's PART program, where we have to be accountable for our programs, we have entered into, I would say, probably 10 or 15 research contracts with public institutions—the United States Geological Survey; ERS, the Economic Research Service—in trying to quantify the program. I could provide for you a list of the contracts that we have in place right now.

I am just reminded that every single one of our Conservation Reserve Enhancement programs does has a monitoring and evaluation component. The ERS, as a matter of fact, has just recently done a study on the economic impacts on rural communities that the CRP has. We had a conference last year in Fort Collins in cooperation with the U.S. Geological Survey to get the wildlife groups and environmental groups to come in and just talk about what CRP is doing and how it is improving the environment. So we are doing a lot in cooperation with NRCS and other Federal and State and local institutions and universities. So I think we are providing a lot of research to really quantify what we are doing.

Senator CRAPO. Well, thank you very much. I just want to commend you for that work and encourage you to continue to work very closely with all the other agencies, and particularly NRCS, so that we can quantify these impacts. I have said a dozen times if I have said it once that probably the most unsung success story we have in environmental protection in this country is the farm bill, and the conservation title in particular. And I really believe that efforts to quantify that so that we can truly tell the story of what this means to the environment and to conservation can be assisted.

We have been joined by Senator Lincoln, and I understand that you have a very tight time schedule. So I am going to turn the time over to you for an opening statement. If you want to ask any questions, that you can do as well. Senator Lincoln is a great friend and an outstanding Senator. We work very closely together, and I am proud of that, and we are going to work closely together on this issue, too.

Senator LINCOLN. We are.

STATEMENT OF HON. BLANCHE LINCOLN, A U.S. SENATOR FROM ARKANSAS

Senator LINCOLN. Thank you, Mr. Chairman, and thanks for all your leadership on this issue. I do apologize that I will have to probably leave at some point due to my schedule, but that certainly is no indication of my lack of interest in this issue. And the chairman knows that. He knows I am dedicated to working with him.

We do have, I think, an unusual opportunity to not only build but enhance relationships that now exist among Government entities, and the tremendous work that the farm bill has allowed the Department of Agriculture to experience along with our environ-

mental groups, our conservation groups, certainly recreation—I see Ducks Unlimited out there—so many different groups that can partner to make a real difference in the preservation of wildlife as well as our habitats. So it is a great pleasure on my part to be here again for the second consecutive day to conduct a hearing on another important topic, and that is the future of the Conservation Reserve Program.

Yesterday we did touch broadly on what our conservation programs provide our farmers, our conservationists, and certainly our society as a whole. And today, under the chairman's leadership, we look more closely at the future of the Conservation Reserve Program, which is such a vital component of our conservation efforts nationally. As Chairman Crapo noted, the Conservation Reserve Program is the Federal Government's largest private land retirement program. And obviously, the current enrollment numbers top 34 million acres. And thanks to the 2002 farm bill, as he mentioned, we can expect that number to increase, nearing the program's authorized cap of 39.2 million acres.

We can also expect about 80 percent of those CRP contracts to expire from 2007 to 2010, which is why we are here today and will probably be the basis for a lot of my questions, because I am getting them from my constituents. Because they love these programs. They see what they do not only for wildlife and conservation, but they see what they do for their farming operations and what a critical role that they play.

We have certainly got some distinguished witnesses and panels to discuss how to handle the expiring contract and the re-enrollment of nearly 28 million acres, 16 million of those coming in 2007 alone. So that is certainly a daunting prospect in terms of what we have ahead of us and the job that you have to do. We want to be helpful and certainly as productive as we can in providing you the assistance that we need to continue such a vital program.

For my State, we are anticipating contracts on nearly 90,000 acres to expire from 2007 to 2010, and almost half of the total CRP acreage in our entire State. So we have a lot ahead of us. And again, for a program that is so well received by our agricultural producers and our State in general, we are going to be really focused on making sure that we do it correctly and working with you.

I would also like to acknowledge USDA's effort with regard to this issue. Just as Chairman Crapo and I are doing today, USDA has begun an extensive process in seeking out the interest groups and beginning the investigation on how to best handle that situation. We are very grateful to you for that. We want to be of all the assistance we can. I know that you all have already begun those listening sessions with interest groups—as I mentioned, Farm Bureau, Ducks Unlimited, EPA, the National Association of Conservation Districts—just multiple groups that are out there. And that is so critical, to involve everybody, because I think in order to do it correctly, having as much input as we possibly can is going to be vital in making this process a success.

So I look forward to the outcome of all of the combined efforts. Certainly hearing from you all today and submitting questions, if I may, but also maybe just touching on a few here, if we can, before I have to excuse myself.

And I guess, in your opinion, Mr. Little, one of the things that we were hoping to get some guidance on as quickly as we can is what contracts should be re-enrolled, extended, or left to expire? Is there some kind of criteria? You all may have already touched on that, Mr. Chairman, I don't know. But some of the ideas coming from you all in terms of what will be used as those evaluations are made.

And what environmental objectives should be considered? I know, certainly, from your standpoint you may have that, but there will be other panelists, later panelists that will be able to answer those questions, too.

And I guess one more question would be should the extensions and the re-enrollments be limited to just 25 percent cropland limitations, or some lower numbers, to provide room for some of the continuous CRP and WRP enrollments? And what about updating rental rates and how we apply that?

Those are just a few of my questions. There are a few more that I will submit for the record. But any of those you would like to touch on now would be enormously helpful in guiding me.

Mr. LITTLE. OK, thank you, Senator.

Senator LINCOLN. Thank you.

Mr. LITTLE. Yes, as we are—we have been doing a lot of collaboration with the environmental groups, the Farm Bureau, wildlife groups, the whole gamut. Took over 5,000 comments in last year through a Federal Register notice. We had a listening session this past June to really get the public's input on how we should do the re-enrollments and extensions as the President promised last August. We have several options on the table. I can assure you that we have not come to a conclusion on any of them yet. We are looking at, you know, using the EBI to make a determination as to what contracts should be enrolled, whether they should all be enrolled, re-enrolled; should some of them be staggered; should some of them just be extended for a year or two. So we are—you know, all of those things are on the table and we still have not come to a conclusion as to exactly where we are going to go.

The environmental decisions, as you probably know, are EBI currently looks specifically at soil erosion, wildlife benefits, and water quality. We will be looking at whether or not we are going to re-evaluate that as we move forward also, in both the re-enrollments, extensions, whatever.

With regard to rental rates, we are already working with NRCS to update rental rates. Whether or not and/or how we utilize those updated rental rates in the extensions and re-enrollments, that still remains to be seen. Those decisions haven't been made as well.

With respect to the cap, the 25 percent cap is established in law. Obviously we can't exceed that. The only way we can exceed the 25 percent cap—and I know that is a concern in some States—the only way we can extend that is if the county can prove that it does not affect the economy of that particular county and whether or not the county is having difficulty meeting the conservation plans that are put into place for the particular farmer.

So those two things—we cannot exceed the 25 percent cap. We are looking at whether or not we want even to go up to the 25 percent cap, so that we can preserve some space for future CREP

agreements. I mean, sometimes we will run a CREP agreement—we can't get any new farmers into a CREP agreement because the county is already gotten up to the 25 percent—or so that we can have a general signup in the future.

So all of those things are on the table. No decisions have been made. But we are taking the public comment and all of those issues have been raised as questions. But we will definitely be glad to consult with the committees before we make any final announcement or any final decisions.

Senator LINCOLN. Thank you, Mr. Chairman, for allowing me to move forward.

I would definitely say that the committee would appreciate that. I certainly would. As you move through this process, if you could keep us apprised or certainly informed in terms of the things that are moving forward, I think it would be most helpful. We do want to be helpful to you. This is a critical program and we hear certainly a tremendous amount from our constituencies about the positive nature of these programs. We want to keep it that way. So any way we can be helpful.

Mr. LITTLE. Yes, ma'am, thank you.

Senator LINCOLN. Thank you, Mr. Little.

Thank you, Mr. Chairman, again for your leadership.

Senator CRAPO. Thank you.

Senator Salazar, if you have any opening statement or questions, you are certainly welcome to make them now.

Senator SALAZAR. I do, Mr. Chairman.

STATEMENT OF HON. KEN SALAZAR, A U.S. SENATOR FROM COLORADO

Senator SALAZAR. Thank you very much and thank you for holding this hearing on this very important subject. And Ranking Member Blanche Lincoln, it is good to serve with you on this committee in the Senate.

And thank you, Mr. Chairman, for the bottle of vodka yesterday. It is made out of Idaho potatoes, so it will——

Senator CRAPO. Highly ranked, too.

Senator LINCOLN. It is third in the world.

Senator SALAZAR. Third in the world. Trying to compete with Colorado potatoes——

Senator CRAPO. I have to tell you, the only two vodkas that beat it were both Russian, and we are going to take them next year.

[Laughter.]

Senator SALAZAR. Let's hear it for Idaho.

Let me just make an opening statement. This is a very important program for our country, very important program for agriculture, very important program for conservation. In my own State alone we have over 2 million acres that are enrolled in CRP, and I have known many farmers around my State that have been involved in the CRP program. So I think that as we look forward to the farm bill that it is important that this is one of the key components that we focus on.

One of the greatest concerns that I have heard, and I ask this of you, Mr. Little, is this sense from people who live in the eastern parts of my State in Colorado, where we probably see that part of

America that is the most forgotten and having the most difficult times, where populations in those counties continue to decline, where county commissioners, frankly, don't know whether their counties are going to be able to survive to the end of the decade. And what I have heard from some of my county commissioners in Colorado is their deep concern about the abuses related to—what they consider abuses with respect to the CRP program.

The way that it is articulated to me, for example, in Kiowa County, which has a population of about 1,500 people throughout the county but with some very wide expanses, is that people from, frankly, other States have become absentee landlords of huge acreages within Kiowa County and that, as a result of that, they basically are using the CRP program simply as a gravy train, a revenue stream to fund their high-flying lives in New Orleans or New York or other places and they really aren't contributing back to the economy or to the community.

And so that is just an area where I am going to be very focused on to try to make sure that, as we expend these huge amounts of dollars to help with the Conservation Reserve Program, that those dollars are in fact being spent also to help with the revitalization of rural communities. And I think that when you have the kind of absentee landlord situation that is described to me by the commissioners in Kiowa County, that it doesn't help with the kind of rural revitalization that I have talked to Under Secretary Dorr and Secretary Johanns about in the past.

So maybe at this stage, if you could just maybe comment on that issue in general, but it is something that I very much look forward to working with you and with Chairman Crapo and Senator Lincoln as well.

Mr. LITTLE. That is a very interesting comment and one that I could certainly understand would have an impact on a local economy, because, you know, there are studies that have been made by various groups that would indicate that CRP doesn't have a negative on local economies. But I think that situation that you just mentioned could be definitely an issue that the Secretary and we should probably take a look at, because I can certainly understand how, if a farmer, you know, if somebody from outside of the State comes in and purchases land and all he does is take the Government's money as a rental payment and doesn't live there or make any contribution to the local economy, it could have a significant impact.

But, you know, I would have to say that, you know, under the current program we certainly wouldn't have any authority to limit participation in it. I mean, if they qualify under the signup, we would really have no authority to say no, you can't come in. But it certainly is an issue that we might want to, you know, that the Secretary would want to take a look at it in future discussions during the next farm bill.

Senator SALAZAR. Let me ask you, Mr. Little, in terms of just the facts themselves, because in every other sector sometimes there is a lot of myth and it is important to get down to the facts, does the Department of Agriculture today have an inventory, if you will, and an assessment of the ownership patterns with respect to people who are participating in the CRP program around the Nation,

whether it is family farmers whose livelihood is dependent upon the farm; is it—I mean, what kind of understanding is it that you would portray to this committee today about the customers that you have for participating in the CRP program?

Mr. LITTLE. You mean profiling participants? You know, I would have to be honest. I don't know what types of information that we would keep specifically on individual farmers other than the information we would collect routinely on a farmer, such as, you know, the crops that they grow, the conservation applications that they might have. I know NAS, during their annual—I mean their every–5– or 10–year survey that they do for the farm census, I know they collect data, but it is not person-specific. But I would say that we do not include information on individuals, you know, whether they are a family farmer, other than if they take a farm loan. If they have a farm loan, I am not real sure that we have, you know, a data base right now, a rigorous data base that would be able to compare out data base for the farm loans to a conservation program or even EQIP or so forth. I don't believe we would have that data at this point in time. We do collect data on foreign residency, but I don't believe on domestic.

Senator SALAZAR. And is that because you lack the authority now at USDA to collect that information?

Mr. LITTLE. I would say yes.

Senator SALAZAR. Well, Chairman Crapo and Mr. Little, it is something that I am very interested in, because I think, at the end of the day, when you look at communities in Idaho and Kansas and Colorado, that the CRP program is one of those programs where we as a National Government invest significant resources into a program that is intended to help agriculture in rural communities. I understand the environmental and conservation benefits that come from this program as well, but at the end of the day, for me, what is going to be a major driver is whether or not the CRP program is in fact helping the communities of the Eastern Plains or the rural communities of Idaho.

Thank you very much.

Senator CRAPO. Thank you. And those are very important issues. We will work with you on those.

Mr. Little, I have a couple of more questions. The FSA received more than 5,000 comments, as has been indicated, on the long-term objectives for the CRP program last December, and generally it has been the practice of the Agency to make these comments available to the public shortly after, by posting them to the Agency's Web site. It is my understanding, though, that they are not available other than by coming in to make an appoint to review the entire docket in person. Is that correct? And if so, are these comments going to be posted on the FSA Web site?

Mr. LITTLE. I believe your statement is correct. I think they are so voluminous it was pretty difficult for us to be able to publish them on the Web site.

Senator CRAPO. OK. So at this point there is no intention to publish them on the Web site?

Mr. LITTLE. I don't believe so, no, sir.

Senator CRAPO. What is the FSA's technical assistance cost per acre for the CRP and for the CREP program, do you know?

Mr. LITTLE. I could provide that information for the record, sir.

Senator CRAPO. All right. I would appreciate that, if you would.

And in your testimony, you also highlighted the unique State, Federal, and private partnerships provided through the CRE program, which is a subset of the CRP program. And the State of Idaho, as you know, is very interested right now in trying to get approval for its first CREP proposal, something which I very strongly support because it is going to help us in Idaho, if we can get it implemented, to help to reduce some of the water usage from an underground source and enable restoration of historic flows for other lands that we will be able to continue to work. We need to find ways to reduce the water consumption in Idaho in this particular watershed because of the extensive impacts of draught.

I am particularly intrigued by the example in your testimony about additional in-stream water hoped to be gained when the CREP program is fully implemented in Nebraska. Can you talk a little bit about how the CREP program is assisting with this type of State-specific conservation need?

Mr. LITTLE. Yes, sir. As a matter of fact, we have been working very closely with the folks in Idaho trying to get that very important CREP agreement approved and we are anxious to get it to closure. I think we are fairly close, from our perspective.

Senator CRAPO. That is good. So you think maybe in 24 hours you could get that done?

[Laughter.]

Mr. LITTLE. If you could provide me some assurance that the money is there, we will be glad to do it with you.

Senator CRAPO. All right. We will work on that.

Mr. LITTLE. But anyway, you know, we have gotten back with the State office and are waiting from your side of it before we can move forward on that.

But the way it is working in Nebraska, and I believe it is supposed to be working relatively the same in Idaho when that agreement is finalized, that we would be paying irrigated rental rates to farmers to take their land out of production, which would in turn save that water that could go downstream into—to help the end down the stream and ground and surface water, which would take pressure off of the local water supply and then, in the end run, it would end up helping the wildlife at the end of the line, so to speak.

The way we are working that program in Nebraska, and I assume it would be very similar in Idaho, that those, if you have, you know, it depends on the State, State-by-State, the water rights, if that water—let's say that I am going to get it under the program, the water that I would be using would not be able to be utilized by another farmer down the stream if they had junior water rights. So the premise of it is to reduce the amount of water that goes into irrigation and put it back into the natural supply, you know, ultimately helping the environment, helping the water quality down at the end of the line, and helping to end up improving the wildlife habitat.

Senator CRAPO. Well, thank you very much. And I do thank you for the specific attention that you are giving to the situation in Idaho. I know Idaho is not unique; in fact, I suspect Colorado has

been facing similar circumstances. But we are facing very bad draught circumstances and we have had it almost consistently for years now, and it is not getting better. And although we certainly can't make it rain and snow as much as we would like, we can do some things to alleviate the pressure, and the CREP program at the Federal level is probably one of the best opportunities we have to help. So I appreciate your attention to this.

Mr. LITTLE. If I could comment, we are working also with Colorado to do a similar CREP.

Senator CRAPO. Good. Very good.

That concludes my questions. Did you have any more for Mr. Little, Senator?

Senator SALAZAR. Not at this time, Mr. Chairman, but I do hope that this is an issue that we can continue to provide some attention to long before we get to the actual consideration of the farm bill so that we have a very good understanding of what CRP is doing and how it is that we might be able to make improvements on this very important program.

Senator CRAPO. I can assure we will do that, and I think we do have good cooperation from the Agency. So with that, Mr. Little, we will excuse you, and we appreciate your attendance here today.

Mr. LITTLE. Thank you.

Senator CRAPO. We will now call up our second panel. Our second panel consists of Mr. Sherman Reese, who is the president of the National Association of What Growers. He is from Oregon; Mr. Kendall Keith, president of the National Grain and Feed Association; Ms. Krysta Harden, chief executive officer of the National Association of Conservation Districts; Mr. Jeffrey Nelson, director of operations of Ducks Unlimited, and he is from the Great Plains Regional Office in Bismarck, North Dakota; and Mr. Dan Forster, director of the Georgia Department of Natural Resources, Wildlife Resources Division, from Social Circle, Georgia.

We welcome all of you here. And as you are taking your seats, I just want to remind you of the 5 minutes on the clock. Like I said at the outset, it is really hard to get everything in in 5 minutes, but I assure you we will have some time for discussion. And also, sometimes it is hard to pay attention to that clock, too, so if any of you start running over too far, I will just kind of tap the gavel here to remind you to look down at the clock.

Why don't we go ahead in the order I introduced you, and we will start with you, Mr. Reese.

STATEMENT OF SHERMAN REESE, PRESIDENT, NATIONAL ASSOCIATION OF WHEAT GROWERS, ECHO, OREGON

Mr. REESE. Thank you, Mr. Chairman and members of the committee. My name is Sherman Reese. I am a wheat farmer from eastern Oregon and I am currently serving as president of the National Association of Wheat Growers. I appreciate the opportunity to testify before you today on issues involving the Conservation Reserve Program, or CRP, particularly those that involve expiring CRP contracts and CRP contract extensions.

My written testimony covers the history and evolution of the CRP, as have previous witnesses, so I need not elaborate further here. And as previously noted by the committee and others, many

of the contracts on this enrolled acreage are set to expire between 2006 and 2008, over 22 million acres—or roughly an area over two-thirds the size of Idaho.

As president of the National Association of Wheat Growers, I would be remiss if I didn't note the geographical distribution of the 34.8 million acres currently enrolled and those acres set to expire, as shown on these maps. Texas has the largest enrollment of over 3.9 million acres, with 3 million acres set to expire by 2008. Montana is next, with 3.4 million enrolled and 2.4 million set to expire; followed by North Dakota, with 3.3 million enrolled and 2.2 million expiring; Kansas, with 2.3 million acres enrolled and 2 million expiring; and Colorado, with 2.3 million acres enrolled and 1.7 million acres expiring. Iowa is sixth, with 1.9 million acres enrolled and 894,000 acres expiring. And for the record, Idaho has 789,538 acres enrolled, with 603,651 acres expiring, ranked as the 12th-largest CRP-enrolled State.

These States with the largest CRP enrollments are also where you find concentrated product of corn, soybeans, cotton, rice, grain sorghum, barley, and livestock. So most major production agricultural commodities also have a strong interest in the CRP program. I said I would be remiss if I didn't point out the geographic distribution, because four out of the five top CRP enrolled States happen to be our top wheat producing States—North Dakota, Kansas, Montana, and Texas—with a handful of others not far behind both in CRP enrollment and in what production. So we have an unusually high interest in the CRP program and its future administration.

The large amount of expiring contract acreage presents a near-term problem that the committee and the Administration has correctly focused on. First, I appreciate the Farm Service Agency's recent announcement that producers with CRP contracts set to expire this year may extend their contracts for 1 year. This will apply to about 437,000 acres. We would support the continued use of short-term contract extensions to ease the administrative burdens of processing the large volume of contract expirations in any given year. These should be staggered through extensions ranging from 1 to 5 years, with longer extensions for lands with higher environmental benefits index, of EBI, rankings.

We would discourage the use of early or automatic re-enrollments and would strongly suggest that any acreage re-enrolled be administered through the competitive bid system. We would also encourage the application of revised rental rates to all full-term re-enrollments to ensure that payment rates are up to date and reflect actual local land rental market conditions.

For acreage that is not re-enrolled and is put back into production, we would urge USDA to restore crop-based acres that were lost when the land was initially enrolled in the CRP. Nearly 3 percent of farm program base acres currently enrolled in CRP are wheat-based acres. For longer-age farm bill policy issues, we believe we should look for ways to make adjustments in the EBI so CRP is focused on the most environmentally sensitive lands.

We also believe we should acknowledge the interest in utilizing CRP for cover vegetation. That has a dual use as a biomass feed-

stock. There may be opportunities to offset CRP program costs through the value derived from biomass vegetative cover.

As I mentioned, Montana is one of our largest wheat-producing States as well as one of the largest CRP participants. The Montana Grain Growers Association recently completed a farm bill issue survey of their members, and I believe two comments received regarding CRP are instructive of the dichotomy within our own organization and the policy challenges ahead for all of us.

Comment No. 1: "Our president is really pushing conservation. We have about half our land in the CRP, and if not for it to help with the expenses for other land, we would be belly up." That is from McCone County.

Comment No. 2: "CRP has been the most devastating program for rural communities ever devised by USDA." That is from Richland County.

And these comments are from neighboring counties in Montana, but I think they point to a need for a deliberative approach, which I hope Congress and the Administration will follow in addressing the issues regarding CRP.

In closing, Mr. Chairman, I would suggest that the fundamental issue here is one of balance, determining where we place the fulcrum to balance equally important competing interests of conservation with the ability to produce a crop that allow the farmer to remain on the land in the first place. That balance was eloquently and simply stated by one of the great conservation presidents of the 20th century, Theodore Roosevelt: I ask nothing of this Nation except that it so behave as each farmer here behaves with reference to his own children. That farmer is a poor creature who skins the land and leaves it worthless to his children. The farmer is a good farmer who, having enabled the land to support himself and 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.

Allow us to continue farming the productive agricultural land to support our families and our Nation and, in turn, continue to create opportunities for us to leave the land a little better than we found it ourselves.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Reese can be found in the appendix on page 12.]

Senator CRAPO. Thank you very much, Mr. Reese. That is a great quote you ended up with.

Mr. Keith?

STATEMENT OF KENDALL W. KEITH, PRESIDENT, NATIONAL GRAIN AND FEED ASSOCIATION, WASHINGTON, DC

Mr. KEITH. Chairman and members of the subcommittee, I am Kendall Keith and I am president of the National Grain and Feed Association. Today I am also representing members of the Alliance for Agricultural Growth and Competitiveness. Individual members of that alliance are noted in our written testimony.

We think the increased focus on conservation has mostly been positive, but programs that idle productive acres can also become

an impediment to economic growth. To maintain a balance, we would offer the following points.

First, USDA says it is fully committed to enrolling, at a maximum, 39 million acres. If the goal of this program is to maximize environmental benefits, this unconditional commitment is misguided. Maximizing idle acres is not equal to maximizing environmental benefits. Putting a narrow strip of land along a waterway in the program may seem expensive, but likely provides benefits many time statement of enrolling more acres of flat land in dry climates.

Second, we do not favor automatic long-term extensions or re-enrollments without critical evaluation. The Administration says this may be necessary to ease Government workload. While we acknowledge the large expiring acreage, every private business encounters crunch times and it is not unreasonable to expect the same in Government. Re-enrollments need to be fully evaluated and be done through competitive bidding. USDA needs to seriously review whether the land that has been enrolled for 15 to 17 years should be re-enrolled or permit other landowners a chance to bid for the program. Also, partial fields may offer more benefits for taxpayer dollars than whole farms.

Third, we are concerned about the amount of land that will be needed to support traditional sectors of agriculture in the future, such as livestock and poultry. Ethanol production now absorbs 14 percent of U.S. corn production and is growing rapidly. The impact of soybean rust on yields is highly uncertain today. U.S. wheat acreage has shrunk over 10 million acres in the last 7 years. And it appears we are losing overall farm acreage as the total land in both CRP and crops has declined 9 million acres in the last 7 years. If the U.S. does not employ the land base to stay world competitive in grains, we will force sizable portions of our own livestock and poultry production offshore.

Fourth, we are seeing the CRP causing troubling disinvestments in marketing infrastructure in Western States, where it is concentrated. Railroads are abandoning track, the loss of infrastructure means the cost of moving the remaining grains is more expensive and farm prices are lowered.

Fifth, there appears to be excessive focus in the CRP program on game birds and hunting at the expense of water quality. Three major goals of the program are erosion control, wildlife, and water quality, yet USDA estimates that water quality improvements represent only 8 percent of CRP non-market benefits. Water quality needs more emphasis. This means more stream buffers rather than large tracks.

Sixth, excessive early enrollments could restrict congressional options in the next farm bill. In our view, Congress should determine if more funds should be diverted to working lands to improve the rural economy. Congress should determine if more funds should be diverted to EQIP to enhance water quality. Congress should consider if the CRP is too concentrated in Western States and determine if the acreage cap should be reduced.

Seventh, the administration of the 25 percent cap on the CRP acres in a given county we think needs to be examined to see if the performance conforms with the intentions of Congress. It appears

that because of the use of outdated data by USDA, actual CRP acres in many counties far exceed the 25 percent modern-day cultivated acres. We see up to 35 to 40 percent of actual acres in counties being idled in the program.

The economic damage caused by heavy acreage idling is real. Our written testimony contains letters from agribusiness operations in Idaho, in the State of Washington, noting that the CRP is driving merchants out of business and driving people out of the communities. CRP payments benefit landowners, but it is often forgotten that the program does the most damage to those that many would most like to help—beginning farmers and tenant farmers trying to earn a reasonable income. CRP raises land rents and it reduces the amount of farmland available. It puts a double hit on the profitability of tenant farmers.

This highly negative CRP impact led USDA's own beginning Farmer and Rancher Advisory Committee in 2004 to recommend to the Secretary to "direct ERS, FSA, and NRCS to research policy options for the CRP program to enhance beginning farmer and rancher opportunities as the next big wave of CRP contract expirations begin in fiscal year 2006 through 2008."

We are hopeful that USDA has plans under way to address this issue.

That concludes my testimony. I look forward to questions. Thank you.

[The prepared statement of Mr. Keith can be found in the appendix on page 14.]

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

Ms. Harden?

STATEMENT OF KRYSTA HARDEN, CHIEF EXECUTIVE OFFICER, NATIONAL ASSOCIATION OF CONSERVATION DISTRICTS (NACD), WASHINGTON, DC

Ms. HARDEN. Good morning, Mr. Chairman, Mr. Salazar. I am Krysta Harden, and I am the CEO of the National Association of Conservation Districts. With your permission, my written comments will be added to the record. And please note, they also represent the views of the following associations, including NACD: the National Association of State Conservation Agencies, the National Conservation District Employees Association, and the Sustainable Agriculture Coalition.

NACD knows that all titles of the farm bill are important and help make the package stronger, more effective and, frankly, passable by Congress. We believe much of the success of the last several farm bills, and especially the 2002 farm bill, can be credited to the conservation title. Over time, the conservation title has improved and increased in significance to producers as well as taxpayers. The conservation title has multiple benefits to farmers and ranchers by providing technical and financial assistance.

There are also other benefits to both producers and taxpayers, including better management of our natural resources, a healthier farm economy, increased productivity to improve practices and management methods, and the development and use of emerging technologies and tools. The investment in conservation gives all of

us cleaner air and water, healthier soils, and increased wildlife habitat.

While not answering all the problems of every producer or every environmental concern, we do believe the farm bill conservation programs at authorized levels can provide meaningful resources to many producers and help our landscape stay clean, beautiful, and healthy. And we look forward to the continued review of conservation programs and to a lively debate regarding any gaps in programs and opportunities for improving our conservation system.

As you know, Mr. Chairman, I am very excited and passionate about conservation programs and I could talk about these issues on and on. But due to my time limit, I will shift gears here and talk about the issues at hand today, the CRP program.

It is appropriate that we begin our review of farm bill conservation programs with the CRP. This successful program is one of the largest and oldest. Over the last almost 20 years, it has helped producers and taxpayers make many key conservation goals and has been enhanced by CREP and buffer initiatives. NACD still supports and believes we can meet the acreage goals of CRP established by the 2002 farm bill within the next several years. The real questions are what acres will be enrolled and when will they be enrolled. We believe managing the large number of expiring contracts will place a tremendous burden on the system. And as you know, Mr. Chairman, conservation districts work directly with producers at the local level to implement conservation programs and practices, and we feel the conservation system will face a severe challenge in accommodating all the needs of the community at one time.

We prefer a more deliberate approach, with short-term extensions, staggered re-enrollments, and other methods of making sure the right acres are enrolled. We know many of the acres subject to expiring contracts will be and should be re-enrolled. However, we also feel there are acres that should be reviewed and may require additional maintenance activities or conservation practices. And there may be new acres eligible for the first time. We just want to make sure the most environmentally sensitive acres are enrolled. This is certainly best for the landowner, the integrity of the program, and the taxpayer. And we believe a focused approach will accomplish these objectives.

In closing, I want to thank this committee and the Congress for changes made to fix the technical assistance problems in CRP and WRP. By allowing both programs to pay for their own technical assistance, we believe FSA will have the ability to utilize services of partners, including Federal and State agencies, conservation districts, and technical service providers. Thank you for your help in this important change.

Again, thank you for the opportunity to present these thoughts and ideas today, and I look forward to your questions.

[The prepared statement of Ms. Harden can be found in the appendix on page 16.]

Senator CRAPO. Thank you very much, Ms. Harden.

Mr. Nelson?

STATEMENT OF JEFFREY W. NELSON, DIRECTOR OF OPERATIONS, DUCKS UNLIMITED, INC., GREAT PLAINS REGIONAL OFFICE, BISMARCK, NORTH DAKOTA

Mr. NELSON. Thank you, Mr. Chairman, and thank you to the committee for allowing us once again to provide some of our thoughts on this important topic, and also for the leadership your subcommittee continues to show in the conservation title and all the benefits that have already been mentioned.

I am Jeff Nelson. I am the director of the Great Plains Office of Ducks Unlimited, so I am going to have a bit of a bias toward the northern part of the Great Plains. But I do represent today 18 different wildlife organizations who comprise more than 5 million members.

In our submitted testimony, we only had 13 on. There are five more who have joined since then. I would like to just quickly mention them: The Congressional Sportsmen's Foundation, the Land Trust Alliance, the National Wildlife Federation, the Rocky Mountain Elk Foundation, and Wildlife Mississippi. So we are pretty well represented here.

I would also like to start by saying we do have productive partnerships with many of the producers on the land, farmers, ranchers. Every day we work with them. We also work with FSA and NRCS and appreciate their partnership and leadership in everything we do.

Our submitted testimony, of course, goes into more depth than time allows here, so I am just going to hit a couple of key points and then answer questions.

There can be no dispute, the conservation title of the farm bill, and CRP in particular, has been a huge success and a great investment for American taxpayers, in our view. The CRP has been very well received by American farmers and ranchers. Evidence of that is there is far more demand for CRP than could be met by the current fund and particularly with the general signups. The response continues to be overwhelming. For every four people that submit bids, only one is accepted right now. So we see continuing strong interest by farmers in this program.

The program has measurable benefits for wildlife. That has been documented. You asked for the science; there are several studies in our submitted testimony. On the chart over here on my left is a graph showing that as we add grassland—through CRP, in this case—we certainly see an impact on waterfowl, in this case, their ability to nest successfully. But we continue to see the same sort of response for pheasants and songbirds and other wildlife. So there can be no dispute. The science is there. CRP has been good for wildlife.

On the issue of rural economies, rural economies are in transition right now and that has been referred to by several here on the panel. I think the evidence is in from USDA, one of the studies they just completed, that CRP—it is tough to point at CRP as the reason for that. Their results would indicate that it is not related to the loss of populations, at least in the big scale. There are a bunch of factors that are impacting what is going on in rural America right now. On balance, we don't think CRP is hurting rural areas. It is hurting in some areas and probably helping in others.

On the issue of the expiring acres, we are all concerned about getting those acres re-enrolled somehow. We have all submitted comments. We are focused on trying to get the follow-up on the President's announcement in Minnesota last year, where he recommended the option for early re-enrollment for farmers. We will continue to push because we know producers are interested in this and we are glad to hear today that FSA is hoping to get that issue resolved by sometime later on this fall.

Of course, the second thing is getting CRP fully reauthorized in the next farm bill. We think the evidence is in for all the benefits it provides. Even at current levels, at the current cap, there is more demand that can be met.

In conclusion, there is desire by both landowners and conservationists to continue the program. The program gives farmers many options in their individual operations. Most farmers don't enroll their whole farm. It gives them good flexibility in helping them with risk management and other concerns. If it wasn't for all the popularity of the program, we would be concerned, but the farmers definitely want in. It is not destroying the rural economy, in our opinion, and many other factors need to be looked at when we look at declines in rural areas.

CRP should be continued at current levels and it can be continued while meeting the Nation's food and fiber needs and allowing for a productive farm sector. We ought to fully implement CRP and maintain it in the next farm bill.

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

[The prepared statement of Mr. Nelson can be found in the appendix on page 18.]

Senator CRAPO. Thank you, Mr. Nelson.

Mr. Forster?

STATEMENT OF DAN FORSTER, DIRECTOR, GEORGIA DEPARTMENT OF NATURAL RESOURCES, WILDLIFE RESOURCES DIVISION, SOCIAL CIRCLE, GEORGIA

Mr. FORSTER. Thank you, Mr. Chairman. I am Dan Forster, and it is my pleasure to serve as the director of the Georgia Department of Natural Resources Wildlife Resources Division. In that capacity, I also serve as chairman of the Northern Bobwhite Conservation Initiative Committee, which is a committee of the Southeastern Association of Fish and Wildlife Agency Directors. I also serve as vice chairman of the International Association of Fish and Wildlife Agencies' Agricultural Conservation Committee. My comments today will generally reflect the views of all these organizations.

The CRP is arguably the single most effective conservation program ever developed for agricultural lands. My comments today focus on wildlife conservation aspects of CRP, which is generally improve wildlife habitat and populations, particularly in the Midwest and the Northern Great Plains. Unfortunately, CRP has not been nearly as positive for wildlife in the Southern U.S., and across this region can best be described as a program whose potential is still to be realized.

That being said, I want to further emphasize that, overall, CRP is a program with many positive attributes, but one that needs adjusting to reach its full potential in the South.

I recommend that CRP be maintained in the next farm bill at least at the current level of 39 million acres, and if possible, expanded to 45 million. CRP could be a natural fit with the Northern Bobwhite Conservation Initiative, NBCI, which is a 22–State plan to provide habitat for bobwhites in numerous songbird species that are in serious decline. The CRP goes hand-in-hand with bobwhite restoration because bobwhites are a working land bird and they are favored by natural and human-induced disturbances. Research and management show that it is both ecologically and economically feasible to restore bobwhites and other grassland wildlife through ecologically sound ag-enforced management.

This knowledge led to the development of CRP practice CP33, Habitat Buffers for Upland Birds, which was announced last August by President Bush, and for which USDA should be praised. I believe CP33 is a giant step toward making CRP more wildlife friendly in meeting NBCI goals. CP33 provides incentives to landowners for field buffers around the perimeter of crop fields. These buffers provide critical habitat for bobwhites, songbirds, and other wildlife. They help control soil erosion and improve water quality. And CP33 is working.

For example, Dr. Wes Burger, wildlife professor at Mississippi State and specialist in bobwhite research, reported that Mr. Jimmy Bryan, owner of B-Bryan Farm in Clay County Mississippi, is seeing quail in places where he hasn't seen birds in many years. Mr. Bryan has 195 acres of CP33 buffers on his 1,200–acre farm. And we have reports like these coming in from across the South.

I believe it is noteworthy and appropriate that CP33 has been chosen as one out of 30 conservation case studies to be featured at the upcoming White House conference on conservation in August.

A number of Southern States have researched management projects proving that the same success that CRP is providing for wildlife in the Great Plains and Midwest regions are possible for bobwhites and grassland birds in the South. In fact, if properly managed, the currently enrolled CRP habitats, specifically the more than 10 million acres that are predominantly in exotic grass and densely stalked pines in the 22 NBCI States, could support 2.2 million bobwhite coveys. This represents 81 percent of the NBCI bobwhite recovery goal.

CRP can be the champion for bobwhite and songbird recovery. It can become a program that truly provides equitable conservation of soil, water, and wildlife to all regions of the country.

Mr. Chairman, I appreciate this opportunity to comment, and look forward to further discussions. Thank you.

[The prepared statement of Mr. Forster can be found in the appendix on page 19.]

Senator CRAPO. Thank you very much, Mr. Forster. And I have to also commend this entire panel. I think every one of you finished before your time was up. I don't know if we scared you into that or not, but it is very much appreciated because it helps us keep on schedule.

Let me start out with you, Mr. Reese. In your testimony, you indicated that you would argue against an earlier automatic re-enrollment and suggest that new contracts or re-enrollments go through a competitive bid process and that CRP should be focused on the most environmentally sensitive lands. Do you believe there is a consensus among farm groups that that is the way we should approach the CRP program?

Mr. REESE. I can't speak for other farm groups. I know that within our own organization, the wheat growers, it has been a very difficult issue to come down on one side or the other. We are speaking to policy as we currently have it there within that statement. Within CRP itself, though, overall it seems to be that the older you are, the more you favor it, because it becomes a land retirement program. The younger you are, the more you are against it, because it doesn't allow you to competitively bid for farmland for production.

Senator CRAPO. And you may not be in the program yet, right?

Mr. REESE. That is right.

Senator CRAPO. Mr. Keith, do you have any comments on that? The question being basically what kind of consensus is there among farm groups about early re-enrollment and automatic re-enrollment.

Mr. KEITH. Based on the testimony that was given on June 24th at the USDA hearing, what I heard from most producer groups there was to favor some extensions, possibly up to 5 years, where there was very high EBI scores, but in general, more in the 1– to 3–year period, to at least push some acres forward to get rid of the big lump of acres in the program. But not automatic re-enrollments.

Senator CRAPO. Thank you. On this issue, do any of the other witnesses want to weigh in? Mr. Forster?

Mr. FORSTER. Thank you. Yes, one issue in the South in particular, we are very interested in continuing the enrollment but are also equally interested in the EBI, in the benefits. And some of the enrolled acres, I think, to help the staggering problem would be something we could look at there, particularly with pines, and offer an extension so that the highest quality habitats can be enrolled initially and then those maintenance activities that may be needed to boost those EBIs up to benefit wildlife could be part of that staggering program. So I think there are some creative ways to both improve wildlife habitat there and also address some of those staggering issues.

Senator CRAPO. Thank you. Mr. Nelson?

Mr. NELSON. One of the challenges we fail is this regional variation in the current CRP that is on the ground. We have had debates within the conservation community about this. In the Southeast there is a definite need for better management of some of the tracts and maybe replacement of habitat. In the Northern Great Plains, however, there is pretty broad consensus that things are pretty good the way they are, and those areas might be ready for re-enrollment as-is without—I mean, there are good lands that should be in the program and they are really producing the way we wanted them to just the way they are.

Senator CRAPO. All right. Let me ask a question—well, I guess I will throw this out to the whole panel. You don't all have to answer, but if any of you do want to chime in on this, feel free to.

Is it a foregone conclusion for CRP lands that are not re-enrolled that they would necessarily be put back into wheat or whatever other production was originally utilized on them? In other words, is it a foregone conclusion that these lands will go back into production if they are not re-enrolled? Mr. Reese?

Mr. REESE. I will take a stab at that. I farm in an area of the country where it is fairly dry. And I have a neighbor who had about, oh, a thousand acres or thereabouts in CRP. And when the contract came do, he chose to put that into grazing for cattle because the wheat price was so low. So I think there are areas where, particularly if you look at the average wheat production in the United States is about 40 bushels per acre, if they can't be competitive at that level of production or lower, and with cattle prices relatively high, they may choose to actually forgo re-enrollment and go into cattle or some other grazing alternative. We, of course, as wheat producers, as a wheat organization, aren't very happy with that possibility.

Ms. HARDEN. I would agree, Senator Crapo, with Mr. Reese's comments that some of the land we think might go into grasses and grazing instead of back into production, depending on where they are, and the water issues, I think, play a large role in that decision.

Senator CRAPO. Mr. Keith, did you want to say something?

Mr. KEITH. Yes. I think some of this depends on the pattern of ownership. You do see nonresident owners buying more land, in some cases, really, for the existing CRP payments and for hunting. And they would have no intention of ever putting that land back in production. They don't want to go out and try to find a renter. Their goal is, it is kind of a recreational thing for them.

Senator CRAPO. Thank you. Mr. Nelson?

Mr. NELSON. Yes, one of the things that I would add to that is to remember that a lot of the fields that are in CRP used to be cropland and don't typically have perimeter fences. With the changes in genetics in our part of the world, we are seeing with soybeans and corn, we are seeing a lot of native prairie actually being plowed up right now. I expect that is a pretty good indicator of what would happen to some of the CRP, that it would in fact get plowed up, because we are already seeing it in areas where they have to move huge rocks as big as refrigerators and they still enough economic value in doing that, that they are doing it.

Senator CRAPO. Yes, Mr. Forster?

Mr. FORSTER. Again, with respect to pines in the South, our experience with the old soil bank program suggested that less than—or about 2 percent of those pines went back into crop production. So in the South, where the majority of our CRP lands are in pine, we expect it would be a very low percentage that would go back into production.

Senator CRAPO. OK, I appreciate that information.

One of you, I believe it was Mr. Keith, raised the question of focusing on water quality versus wildlife habitat. Was that you, Mr. Keith, that raised that question? And it was interesting. I think,

if I understood your comment correctly, you indicated that there had been quite a bit of success in the program in terms of basically maybe upland game and wildlife, in that context, waterfowl and hunting, but not necessarily in water quality improvement. And that kind of perked up my interest, because I am very supportive of all of those interests but, looking at the draught we are facing in the West and the potential for using the CREP program for water quantity, I am wondering whether there is a need to focus on CRP more with regard to water quality issues.

And I just—I know, Mr. Keith, you have already had a comment on that. There may be some comment—maybe I would start with you if you want to expand at all, and then let other members of the panel jump in on that issue.

Mr. KEITH. Well, no, I mean, USDA has done an assessment, and I assume it is objective, and they found a lot more benefits coming from wildlife production than they did from water quality. And, you know, the tradeoff, you may have to pay $100 or $150 per acre to get some of those stream banks in the program, but it is very worthwhile. Water quality is a major challenge for agriculture long-term in this country.

Senator CRAPO. Ms. Harden?

Ms. HARDEN. I just would remind you, Mr. Chairman, that the original intent of the program was soil erosion which kept soil on the ground and not in the water. So I think the water quality benefits over the 20 years can be traced back. You say there have been improvements. And certainly the buffer strip initiatives and the CREP do make a big difference in the latter years.

Senator CRAPO. Thank you. Mr. Nelson?

Mr. NELSON. I think you might want to—I am not sure where the numbers came from, but it seems to me that a lot of CRP provides all those benefits at the same time. I don't know how you separate them out. The cover that might be put in from a water quality perspective also provides wildlife habitat. The issue of the whole field enrollment, I think some areas of the country with a lot of CRP have small wetlands that make it impossible to just put buffer strips around the wetlands and farm economically, so they would—the farmers prefer to enroll the whole field as opposed to trying to cookie-cutter out areas for filter strips and things like that.

Senator CRAPO. All right, thank you.

Mr. Forster, you indicated that we had more success in the Midwest, I think it was, than in the South. Why is that?

Mr. FORSTER. I think, as our partners from Ducks Unlimited eloquently pointed out, there has been just, you know, significant, measurable increases in some of the wildlife species that have been targeted for some of the programs, ducks being the primary one. In the Southeast, those landowners that have taken advantage largely of CRP programs, the focus there was on the soil and the water elements of the program, which are highly beneficial. But the truth has been the majority of the properties that have been enrolled have gone into either exotic pasture grasses, which provide very little wildlife benefits, and into pine plantations, which pines, if managed correctly or for a specific benefit, can certainly add value, but unthinned pine stands planted at high stocking rates does not provide very much in the way of wildlife benefits.

One of the targeted species of interest, both as mentioned by the President and many of the groups that I referenced earlier, has been bobwhite quail and other early successional songbird species—dickcissels and a variety of sparrow species, Eastern meadowlarks, indigo buntings. We have seen significant declines over time which rely on early successional species. And in order to benefit those species in terms of habitat, there are some modifications that need to be made to switch the emphasis away from exotic grasses and away from high stocking rates and unmanipulated pine stands to benefit those more open-habitat-needy species.

Senator CRAPO. One of the witnesses, I think more in the written testimony, indicated that we need to have more local control. Was that you, Ms. Harden?

Ms. HARDEN. Probably.

Senator CRAPO. In any event——

Ms. HARDEN. It is what we usually say.

Senator CRAPO. Good. I believe in that, too, by the way. What I am hearing here is that there are regional differences and to me that means that perhaps the local control could help us be much more effective at meeting these regional needs. I am seeing heads nod yes. Anybody on the panel want to comment on that?

Mr. FORSTER. I would love to address that initially. I think in our written testimony you will find a recommendation there to establish State habitat teams, which may be very beneficial in addressing the EBI index, so that you can weight some of those benefits equally across soil, water, and wildlife, but also implement regional practices, perhaps statewide, that do maximize a benefit. There are clearly some great successes and some opportunities, and I think that is a great way to address that in the future.

Senator CRAPO. Mr. Keith?

Mr. KEITH. We think that local communities certainly understand their environmental needs better from a macro setting, and we understand that. But there is a part of the local decisionmaking process we are a little bit troubled by, and that is in the past, where they have allowed local communities to vote or do referendums on whether they want to exceed the cap or not. It becomes a little bit of a popularity contest. And frankly, if you are concerned about the overall economics of the economy, it is hard to express those views at a local level.

Senator CRAPO. That is a good point. Mr. Nelson?

Mr. NELSON. Yes, I think local input is certainly important, at the State level or even more locally than that. But I would point out that there are some areas where CRP has been a very big component of the landscape that are nationally important and have been identified as national priority areas. And I think, at least in those areas, there ought to be some direction from the Federal Government as to the importance of those areas because they do provide key habitat for migratory species that cross State borders and what happens there does have an impact on other States and areas.

Senator CRAPO. Good prospectus. Mr. Reese?

Mr. REESE. I guess I would also, from a production agricultural standpoint, endorse local control. As someone who has held a CRP contract both in the beginning and also I am holding one now, in

addition to a CSP and a continuous CRP, I am well acquainted with the problems on the ground of local control, from the technical aspect especially, where we have been asked to plant competing species which, in the case of legumes and grasses, forced us into a situation where we have to choose, if we have to get rid of weeds, which invasive specie do we get rid of and which of the grasses or the legumes do we harm by that. So local control and inputs, particularly in the technical aspect, is important.

Senator CRAPO. Thank you. You know, one of the—this is a constant battle at the Federal level over policymaking and environmental decisionmaking, and one of the things that I have always felt would be a good compromise between the various perspectives is to try, to the extent possible, to have the Federal standards, as flexibly as possible, established and then let the local communities or the States figure out how to meet those standards and how to accomplish the objectives.

I think there is pretty broad consensus among the witnesses and among others I have talked to on this issue that, however we approach re-enrollment or enrollment, we ought to do so in a way that gives us the maximum environmental benefit. That yields the question, how do we measure that? How do we determine the standards by which we will evaluate? To a certain extent, I think we are answering that by saying we need to have some local control, but we also need it at the policy level here in establishing the program to somehow give some guidance on what we mean when we say that. Could any of you weigh in on your thoughts on that, if you would like to? I know that is a really broad question. Mr. Keith?

Mr. KEITH. I think part of it is just efficient use of money. And I think some of the statements by USDA suggesting automatic re-enrollments or automatic extensions just raises the issue how do you establish today's rental rate. Now, you can say you can update those rental rates, but it is really hard to do that because you are talking existing CRP ground and the intentions and the plans of that owner for that ground, and they are very diverse. I have noticed some are urban, some folks are local landowners that could find a renter that would like to put it back in production. I can see some land that is out there that might require a considerably higher rent from the Administration, from Congress, to continue with the program. I can see some land out there that is in the program that would accept a much lower rent and continue in the program. So I think this automatic update is probably not a wise use of taxpayer money.

Senator CRAPO. Ms. Harden?

Ms. HARDEN. I think it is the balance that we all struggle for, using the EBI, a national perspective, and carrying through the State technical committee and down to the local level with input and looking at the balance on the value of the acres that are either in there—And as I said in my comments, some of them need to be reviewed. Some may need additional conservation practices. I think you have to have an open mind in looking at these acres and not assuming, because they have been in there, that they are the best acres that should be. And as budgets get tighter and the focus is much stronger scrutiny at these acres, I think we have to define

the balance between national priorities and our local priorities as well.

Senator CRAPO. Thank you. Ms. Harden, yesterday we heard testimony regarding the establishment of native cover on CRP ground. And in your written statement, you noted that the NACD supports planting native vegetation but that you are not sure it is always wise or necessary or even economically practical to require a producer to remove non-native vegetation. Can you expand on that a little bit? Should the FSA develop standards on this issue?

Ms. HARDEN. Possibly, and that is something we would like to work with them on. There are a lot of complaints from producers who have had CRP enrolled and had good environmental benefits, wildlife habitat reestablished on their CRP acres, and then they are told when they are re-enrolling and there is a review that they need to break this ground out and re-plant something else. So in many cases it does not make sense for the existing wildlife habitat and certainly economically. So working with the Agency just—it is a common-sense issue, really, what works for a local level, and not just a mandate that it has to be a specific vegetative cover in every case, but looking at the whole picture.

Senator CRAPO. Thank you. The next issue I want to get into is one that has been raised by Senator Salazar, to a certain extent, and it is one on which I know there is disagreement among this panel. And I am not trying to start a big debate here, but I think we need to get into this issue a little bit. And that is the question of what is the economic impact of CRP. Some have said that there is a question here of whether CRP actually is harmful, and I know we have some charts that Mr. Nelson has provided in that context. Senator Salazar raised the question of whether there is an economic impact on rural communities in the way that some landowners are approaching this.

I would just like to get each member of the panel, if you choose, an opportunity to expand on your thoughts on that issue as we approach this. Mr. Reese?

Mr. REESE. When that question was raised, I jotted down some figures. Where I farm, it is a wheat-fallow rotation, which means you only get a crop on that acre every other year. So for us, if you figure that it is a $3.50 wheat price and a 50–bushel yield would yield a gross of about $175 an acre, a third of that normally goes to the landowner. So in that case, you lose $55 a year every other year on that acre. It goes out of the county, if you want to look at it that way, from an absentee-landowner standpoint. At the same time, that ground would yield a rental payment currently of about $42 an acre every year, so that is $84 versus the $55. So there is a net loss, I guess you could put it, of maybe $29 an acre out of the county for each acre that is an absentee-landowner situation.

I would posit, however, that when we were in CRP, heavily involved in the 1980's, we didn't buy a new combine but we did go down to Main Street and buy a new pickup. We didn't buy as much fertilizer, but we bought more clothes for the kids or maybe went on a vacation or did other things which were economically enhancing, but they weren't necessarily tied to agricultural production. So there is a tradeoff, obviously. But to say that those dollars necessarily go out of the area may or may not be true. It depends on

the amount of absentee landowners, what the rental rates are, and what the competing interests are, obviously.

Senator CRAPO. Thank you. Anybody else want to jump in?

Ms. HARDEN. I will be happy to. I am not an economist, by the way, so this is just a personal opinion. And I have read the studies over the last several years going both ways, that it had a large impact, that it has not. And what I can gather is the impact was early, in the early days of CRP, and it might have been more drastic than was anticipated. But that has kind of leveled out. The question in my mind is what would have happened to those acres anyway as folks moved away from the farm, they were retired, they get that age—a parent does, kids move, would that have been sold for farming and ranching? In some cases, yes; others, it might have been developed.

So I think, here again—and "balance" is often a word I use because I think we have to look at the balance. I think we are doing a better job targeting acres than we did in the early days of CRP. Some of the concerns in looking at some of these charts, maybe that has leveled off and we are doing a better job, with buffer strip initiatives instead of whole farms, and that we are looking at distributing CRP to the Southeast and other areas of the country, so the impacts will not be significant in just certain parts of the country.

Senator CRAPO. Mr. Keith?

Mr. KEITH. I am an economist by training, trade association exec by occupation. But, you know, we have reviewed a lot of studies and we think there is a lot more studies that indicate that there is true economic damage created by acreage idling programs. USDA did a very, what appears to be a thorough study. They chose a timeframe that I am not sure was the right timeframe. I mean, it picked up when the CRP program originally began, but we were heavy into acreage idling well before that in other programs. And so I am not sure of the total economic impacts of pre- versus post-start of the CRP program.

But the USDA conclusions are counter-intuitive. I mean, if you look at a local economy, if they are traditionally dependent on output of farmers, those farmers buy inputs, they sell to local merchants. It is what drives the economy. And to assume that idling resources is like idling plants in any industry, is going to provide some kind of an economic boost, is simply counter-intuitive.

Senator CRAPO. Mr. Nelson?

Mr. NELSON. Just quickly responding to the idea of idling, whereas I think there is a misconception that CRP has been idle ever since it has been put on the ground. We continually use CRP in the Northern Great Plains in draught emergencies, flood emergencies, and it was very important to maintaining ranchers in the western part of North Dakota just last year, when they were extremely dry and had no hay, and the CRP provided that hay for them that year. So it is a little bit of a misconception that CRP is just never used. It is used actually quite often. I would just point to the chart of the North Dakota situation with a number of farms, and it is pretty clear that we have a steady decline in the number of farms going way back to the 1930's. In fact, if anything, the line has flattened off a little bit since CRP.

There is just, as I mentioned in the written testimony, there is a bunch of things going on in the farm community. Unfortunately, for farmers to compete in today's world markets, they don't use many people. They have high capitalization, they have big equipment, and farming is just not a big employer of people anymore like it used to be. And so things have changed. I think it is unfortunate that people continue to point at CRP as the root cause of that. I think the world has just fundamentally changed. All you have to do is look at Canada. They have the same exact patterns going on in Canada. Their rural communities are struggling and they have nothing like CRP. They are just simply trying to compete in the world marketplace and it just demands bigger equipment and bigger farms.

Senator CRAPO. Mr. Keith, rebuttal?

[Laughter.]

Mr. KEITH. Well, just one brief comment on the chart, since he referred to it, showing the farm decline and appearing to slow since the CRP program began. You could do a chart like that probably on every State in the Union, regardless of whether it has much CRP land or not, and you would see probably roughly the same pattern. What is going on in agriculture is you are seeing bigger getting bigger and you are getting hobby farmers part-time, and so the net number of farms is kind of leveling out there. But it doesn't have a whole to do with CRP, frankly.

Senator CRAPO. Well, I knew we wouldn't resolve it. Did you want to say something, Mr. Forster?

Mr. FORSTER. Just a quick comment. I do agree with the gentleman that there are a lot more complexities involved than a single root cause that we can show correlation to. But with respect, again, to the issue of pines, the harvesting of pines has actually generated some significant economic benefit at the local community levels because that is a significant source of income and will continue to be that until the entire rotation of that pine stand has expired.

Senator CRAPO. Well, thank you. And like I said, I figured we wouldn't resolve the issue entirely today, but I wanted to let everybody kind of weigh in on it because obviously it is a part of the debate as to how we approach the issue.

And in that context, though, I would like to have you all, if you choose, address sort of a similar perspective on this. I think it was you, Mr. Reese—I am sorry I tend to—your testimony blurs for me on some of these things, especially when I have read the written testimony before. But I think it was you, Mr. Reese, who said that the CRP was one of the most successful or maybe the most successful—was that—?

Mr. REESE. I think it was down there.

Senator CRAPO. Down here? Ms. Harden, OK. You are all taking credit for it.

[Laughter.]

Senator CRAPO. Maybe that is the answer to my question. I tend to think that the CRP program is one of the top conservation programs that we have in the farm bill in terms of its success. One of the debates that we engage in as we try to reauthorize the farm bill is what should the size of the Federal Government's dollar com-

mitment be to the conservation title, which I think we have had some great success in expanding. But also, what should be in the conservation title? And there are lots of different competing ideas for how to approach conservation in the farm bill.

Last time we went through this—and I am expecting it will be similar this next time—there were a lot more ideas than there were dollars. And so we had questions as to how much finding should we allocate to CRP versus—well, I am not going to create any battles here on other programs, but versus other programs.

The question I kind of want to get at with you is there are a lot of proposals for new programs or to expand existing programs, and where should the CRP program fit in our priorities in terms of what we now have on the table? I realize you don't even know what new ideas may be proposed, so you can't really comment on them yet, but could you just give me a picture of your belief as to the value of the CRP program and where we should rank it in terms of how we approach the establishment of the new farm bill conservation title. Mr. Nelson?

Mr. NELSON. Well, I think the group that I represent would rank it right at the top, at or near the top, mostly because it is a program with documented benefits. Some of the newer programs, newer ideas, we really don't know what kind of benefits we are going to get. There are other parts of the conservation title that are also very important, and I would—I guess I am not going to go and rank those. But I would say that it is not to say they aren't important, but CRP has been, I would say, the linchpin of the conservation title from the—certainly from the perspective of wildlife and, I would argue, from water quality and air quality benefits as well.

Senator CRAPO. Mr. Reese?

Mr. REESE. I will take a shot at it, although as an association president, you don't like to get too far out in front of your association.

Senator CRAPO. We will give you a waiver on that.

Mr. REESE. You know, conservation is easy if you just take production ground and plant it to grass and walk away from it. I think where the hard part of conservation is if you are a farmer, as I am, and you are trying to conserve working lands. So from that standpoint, CRP has been very valuable in overall conservation efforts, but from a production—and I am sure Mr. Keith would agree with me—from a production ag standpoint, if you apply that conservation standard to the working lands, you come up with something entirely different, and that is how do you keep land in production and yet still have environmental benefits that would flow back to the general public and how do you reward the farmer for that effort?

So I think that needs to be kept in mind as well, that we can't simply lock up and walk away, nor can we expect production agriculture in this country to stay viable if we have to compete with the Federal Government and the Federal Treasury for the chance to farm ground. And so from that standpoint, I guess from the National Association of Wheat Growers, to coin a phrase, we support the farmer's right to choose.

Senator CRAPO. Ms. Harden?

Ms. HARDEN. Mr. Chairman, you know that conservation districts work with landowners and operators in every State and just about every county. And there is no one program, including CRP, as big and great as it may be, that suits the need of every landowner. There has got to be other programs, other tools, to meet the environmental demands put on producers these days. And we do support CRP, a very viable CRP that is targeted to the most environmentally sensitive lands we have all talked about today to have additional benefits, but there must be other programs that meet the needs and the pressures that are put on producers and those that are still producing food and fiber and livestock.

Senator CRAPO. Mr. Forster?

Mr. FORSTER. I think the rank of the CRP program is extremely high, in particular if the EBI can be modified to more specifically meet some of the regional perspectives. I also think there is a very important critical link in helping to answer that question with respect to the other national initiatives that are ongoing, particularly on the wildlife front and, I am sure, elsewhere, things like the State wildlife comprehensive strategies that are being developed now in all 50 States identifying species of concerns, habitats of need. Melding this important program into addressing some of those statewide initiatives and concerns is critical. The Northern Bobwhite Conservation Initiative I spoke of, national plan, trying to marry as many opportunities as we can, I think, is going to maximize the benefit for all.

Senator CRAPO. Thank you. Mr. Keith?

Mr. KEITH. We would favor Congress taking a hard look at working lands and the EQIP program, which promises improvements in water quality. We think that CRP has done a lot of good. We think that in some cases we have really put very productive farmland into the program for 20 years, and you have to seriously think about that going forward—is this what we want to do with the taxpayer money or not.

Senator CRAPO. All right, well, thank you. We certainly do have a breadth of perspective on this and it is going to be an interesting time as we at this level, policy level here at the Congress, try to work through all this. I don't myself even know exactly what ideas are going to be put forward, but the perspective that each of you has brought here today is very helpful.

I have a lot more questions, but I have run out of time, too. So I am going to have to bring this hearing to a close.

I want to thank all of the witnesses for your excellent written and oral presentations. It has been very helpful to the committee and I think it is going to be very helpful to USDA for this oversight process. And I would encourage you to continue to give us your input and thoughts on these issues as we progress and as matters develop.

Again, I want to let everybody know that we are very committed at this committee level to making sure that we not only conduct adequate oversight over the CRP, but that we get ourselves totally prepared for the next conservation title of the farm bill with a strong focus on conservation, but doing it in a way that helps make sure that we provide the necessary incentives and support to the private property owners, the landowners, those who work the pro-

ductive land and otherwise, and help to make them partners in the process even more effectively than they now are. As we also, from the regulatory side, put mandates onto the landowners—and I am not suggesting that we should be putting more mandates on, but that they are already put on, and that we need to find a way to help increase our effectiveness in this partnership for conservation.

I will say it again at the conclusion of this hearing, I think that the issues we are dealing with here and the conservation title of the farm bill is probably the most powerful and most effective opportunity that we have to truly improve conservation and strengthen our environment in this country. And we can get a win-win out of it by working with our landowners as well.

So with that, I again thank all of you and I will declare this hearing concluded.

Thank you.

[Whereupon, at 11:37 a.m., the subcommittee was adjourned.]

APPENDIX

JULY 27, 2005

Statement of James R. Little
Administrator
Farm Service Agency
United States Department of Agriculture
Before the Subcommittee on Forestry, Conservation, and Rural Revitalization
Senate Committee on Agriculture, Nutrition & Forestry
July 27, 2005

INTRODUCTION

Mr. Chairman and Members of the Committee, thank you for the opportunity to appear before you today to discuss the Conservation Reserve Program. CRP is the nation's largest private lands conservation program designed to help our nation's farmers and ranchers safeguard environmentally sensitive land. Producers enrolled in CRP plant long-term, resource-conserving vegetative covers to improve the quality of water, control soil erosion, and enhance wildlife habitat. In return, the Farm Service Agency (FSA) provides participants with rental payments and cost-share assistance. Contract duration is between 10 and 15 years.

The President supported and welcomed a strong conservation title in the 2002 Farm Bill, and has stated that for farmers and landowners, "... every day is Earth Day" – and that effective conservation programs enable us to be better stewards of our nation's natural resources. The Farm Bill responded to a broad range of emerging conservation challenges faced by our farmers and ranchers, including soil erosion, wetlands conservation, water quality and quantity, and wildlife habitat improvement. I want to thank Members of this Subcommittee for their continued strong support of working farm conservation.

OVERVIEW

The Conservation Reserve Program is a voluntary program for agricultural landowners that provides annual rental payments and cost-share assistance to establish long-term, resource-conserving covers on eligible farmland. The program has multiple options for restoring and protecting highly erodible land, wetland acres, and other land, and it establishes permanent covers on eligible environmentally sensitive cropland and marginal pasture land through long-term rental contracts with agricultural landowners. CRP assists private landowners with a portfolio of voluntary assistance, including cost-share assistance, land rental payments, incentive payments, and technical assistance.

When the program was first authorized in 1985, CRP enrolled land under a "general" signup where all or almost all eligible acres offered for enrollment were accepted to assist with erosion and supply control goals. After the 1990 Farm Bill, however, emphasis shifted to protecting more environmentally sensitive land, leading the agency to develop an "Environmental Benefits Index" or "EBI" to evaluate the environmental benefits, as well as cost for enrolling land into the program.

Most land enrolled in the program today is accepted under this competitive evaluation which considers cost and a number of environmental factors, including wildlife, water quality, soil erosion, air quality, and enduring conservation practices. The EBI is an efficient tool that ranks offers on these five environmental criteria and encourages producers to maximize the environmental benefits derived from enrolling land into CRP.

The environmental benefits originally used for the EBI mirrored the 1990 Act's provision to consider soil erosion, water quality, wildlife benefits, and other environmental benefits. However, USDA considered those offers under procedures where it was not obvious how the offers were considered or how producers could maximize their chances for acceptance.

Beginning with the 1996 Farm Bill, the EBI was re-engineered to use published environmental criteria including wildlife habitat, water quality, soil erosion, enduring benefits, air quality, and priority areas.

Since then, the EBI has been further refined to be a better targeting tool; however, the underlying factors have been consistent. Minor modifications have been made to the EBI for each signup.

Over time, CRP established a non-competitive "continuous" signup option. Under continuous signup, environmentally-desirable land devoted to certain conservation practices may be enrolled in CRP at any time. Offers are automatically accepted provided the land and producer meet eligibility requirements. Continuous sign-up contracts are also 10 to 15 years in duration. Currently, there are over 3 million acres enrolled in continuous signup.

The Conservation Reserve Enhancement Program – or CREP – is also an important subset of CRP. CREP uses unique State, federal, and private partnerships that allow participants to receive incentive payments for installing specific targeted conservation practices. Through CREP, producers can receive annual rental payments and cost-share assistance to establish long-term, resource-conserving covers on eligible land. Nationwide, close to 670,000 acres are enrolled in CREP, including about 90,000 wetland and buffer acres. This is an extremely popular program that targets state-specific environmental issues which I will discuss briefly in a moment.

CRP does address important water quality issues, habitat restoration issues for at-risk species, and air quality issues. Over 800,000 farmers and ranchers throughout the country have enrolled 35 million acres nationwide through general signups, continuous signups, the Farmable Wetlands Program, CREP, and other special initiatives. I have included a chart for the record to show where these acres are currently located.

The program produces widespread environmental, wildlife, and economic benefits. For example, CRP has helped to reduce soil erosion by over 450 million tons per year. This erosion reduction improves air quality and reduces sediment and nutrient loadings in streams and rivers in communities across the country.

The wildlife benefits generated by CRP are significant. The U.S. Fish and Wildlife Service has estimated that CRP has increased duck numbers by over 2 million per year; doubled ring-necked pheasant populations in Minnesota, North Dakota, South Dakota, and Ohio, and tripled pheasant harvest in Montana. It has also helped to increase the grasshopper sparrow, lark bunting, and eastern meadowlark populations. And it has been credited with the re-appearance of the long-absent prairie chickens in Texas. It is also credited with the recovery of the Columbian sharp-tailed grouse, new habitat in the Northern Great Plains in use by 75 different species of birds, and notable increases in Western State populations of big game such as elk, mule deer, white-tailed deer, and pronghorn antelope.

One of the most beneficial elements of the program is CREP. During the last year alone FSA has implemented four significant CREPS – in Ohio, Minnesota, Louisiana and Nebraska, providing tremendous state-specific and local environmental benefits. I am especially proud of the benefits that will result from our recent water conservation CREP in Nebraska. This agreement can be considered a model on how to address critical water shortage issues, especially those that plague much of the Great Plains and the West. By partnering with the State of Nebraska, landowners, and other private environmental and wildlife groups, FSA will provide over 125,000 acre-feet per year of additional in-stream water for public use when the CREP is fully implemented. In addition, a local fishery will be protected.

RECENT INITIATIVES

General Signup

FSA conducted a general signup in 2004 soon after the President's August announcement. The Agency accepted about 1.2 million acres using the competitive EBI which ranks all offers under a number of environmental criteria and cost. Most of these contracts will become effective on October 1, 2005. With this acreage, we estimate that 36 million acres will be enrolled as of October 1, 2005.

As I have mentioned, CRP enrollment authority is 39.2 million acres and enrolling these 1.2 million acres underscored President Bush's commitment to full enrollment of CRP and to strong conservation on working farms. Our next general signup is scheduled for next fiscal year.

Northern Bobwhite Quail Initiative

As I mentioned previously, on August 4, 2004, President Bush also announced the Northern Bobwhite Quail Initiative to increase the population of northern bobwhite quail by 750,000 birds annually with enrollment of 250,000 acres of additional grass buffers on working farms. FSA began accepting offers in October 2004 and over 48,000 acres have been enrolled in less than a year.

Northern bobwhite quail are a native quail species with an historic range in 35 states. The birds are a valued inhabitant of farm landscapes, an important aspect of rural culture, and are key to the heritage of hunting. However, the Bobwhite quail population has declined from an estimated 59 million birds in 1980 to about 20 million in 1999. Their habitats have disappeared due to urbanization, increased grassland cultivation, and a transition of once grass-covered fields into woods and forests.

This initiative partners FSA with landowners, the U.S. Fish and Wildlife Service, 32 State fish and wildlife agencies, Quail Unlimited, the Southeast Quail Study Group, Pheasants Forever, Ducks Unlimited, the National Wild Turkey Federation, and other conservation groups including local conservation districts.

Non-floodplain Wetlands Restoration Initiative

The CRP is an integral part of our Nation's effort to protect and restore our Nation's wetlands. On Earth Day 2004, President Bush announced that for the first time more wetlands were restored and created than had been lost on agricultural lands. The President's statement can be found at: http://www.whitehouse.gov/news/releases/2004/04/20040422-4.html. CRP, along with the Natural Resources Conservation Service's Wetland Reserve Program, is vital to the protection of wetlands. Through CRP alone, over 1.9 million acres of wetlands and adjacent buffers have been enrolled. Following this Earth Day announcement, on August 4, 2004, the President also announced the Non-floodplain Wetlands Restoration Initiative which aims to restore up to 250,000 acres of wetlands and playa lakes that are located outside of the 100-year floodplain.

Additional CRP Targets

Of the 39.2-million-acre CRP cap, FSA also reserves acreage for other continuing CRP initiatives that target the most pressing environmental needs. The initiatives are:

- Up-to 4 million acres for CRP continuous sign-up which protects the most environmentally-sensitive land. Sign-up for filter strips, riparian buffers, other wetlands, and other practices is on a continuous basis, meaning eligible land may be enrolled at any time without competition. There are 3.0 million acres enrolled as of June 2005;
- Up-to 500,000 acres for bottomland hardwood tree planting to help sequester greenhouse gases, improve water quality and restore wildlife habitat. Sign-up for this initiative is also on a continuous basis. There are over 11,000 acres enrolled as of June 2005;
- Up-to 1.7 million acres for the CREP. As I mentioned before, CREP is a federal-State partnership to target additional resources in defined geographic areas to achieve specific environmental goals, including protecting New York City's drinking water supply, protecting endangered salmon habitat in the Pacific Northwest, improving the water quality of the Chesapeake Bay and achieving water conservation in Nebraska. There are 34 agreements in 27 States committing over 1 million acres with contributions from State governments and others targeted to local environmental needs; and

- Up-to 1 million acres for the Farmable Wetlands Program to protect certain farmed and prior converted wetlands. There are almost 130,000 acres enrolled as of June 2005.

Modernization

FSA is embarking on a modernization effort to provide enhanced, more effective service to America's farmers and ranchers. A critical component of this effort involves re-tooling the information technology that is used to deliver all of our programs. FSA is committed to replacing the current systems that limit the abilities of our customers to access farm programs as well as the ability of our employees to assist all of our customers.

Under our modernization efforts, FSA has begun to use current, industry-standard technology to enable "real-time" connectivity between national, state and county offices. The agency has leveraged existing investments in web-based technology and the Geographic Information System to deliver tools for our employees to use in delivering CRP signup. Using this technology allowed the last general signup to be implemented more quickly, with higher quality control, and more efficiently than any previously. FSA is currently working to integrate these technologies into the entire system to achieve significant cost savings in future technical assistance requirements.

As we approach the 20th anniversary of the program there are a number of accomplishments that we are very proud of:

- 450 million tons of erosion reduction per year
- 1.9 million acres of wetland restoration and adjacent buffers
- 48 million metric tons of carbon dioxide reduction
- 170,000 stream miles protected
- protection of water supplies for New York City, Columbus, Ohio, Raleigh, North Carolina and over 40 rural towns in Missouri through CREP agreements
- An additional $1 billion of State and Private conservation contributions to implement CREP agreements
- An additional 2.2 million ducks per year produced on CRP lands in the Prairie Pothole Region
- 34 CREP agreements excecuted.

THE FUTURE OF CRP

In June 2004, FSA and the U.S. Geological Survey hosted over 40 speakers from academia, government agencies, and diverse interest groups for an open exchange of ideas on optimizing the benefits of CRP. The conference featured remarks from top CRP program managers, scientists, and technicians and other stakeholders on a wide variety of topics related to improving and refining the future management of CRP. Knowledge

gathered at the conference will inform producers, legislators, budget overseers, and other decision-makers on how best to manage the nation's largest environmental improvement program. Copies of the proceedings are available for Members' review.

One of the most important management issues is how to address the large number of CRP acres that will expire between now and 2010. Of the 35 million acres currently enrolled in the CRP, 16 million acres are scheduled to expire in 2007. Another 6 million contract acres would follow in 2008, 4 million in 2009, and 2 million in 2010. These expiring CRP acres represent over 70 percent of the total 39.2 million acres authorized by the 2002 Farm Bill. I have attached a chart that demonstrates the location and concentration of the contract acres that will be expiring, as well as a graph that indicates when the acres will be expiring.

Last August, at the Katzenmeyer Farm in Minnesota, President Bush announced that the Department of Agriculture would be offering re-enrollments and extensions on the 28 million acres expiring between now and 2010. The President directed the Secretary of Agriculture to initiate a plan for maintaining and enhancing the benefits of the CRP in the future. The President also announced a general CRP signup, a Northern Bobwhite Quail Initiative to strengthen wildlife habitat, and a wetlands and Playa Lakes restoration initiative.

The Farm Service Agency, working closely with private landowners, farmers, commodity groups, sportsmen, wildlife groups, conservation leaders, communities, other agencies, and other interested individuals have made impressive progress in meeting the President's challenge and implementing his initiatives.

Re-enrollments and Extensions

In response to the President's commitment, last fall FSA issued a request for public comment in the Federal Register on how re-enrollments and extensions should be administered as well as other CRP-related issues. Over the course of four months, FSA received over 5,000 comments – more comments than had been received on any other CRP issue in its history. About 70 percent of the comments were from individuals with the remainder about equally divided between Federal, State, and local government agencies and non-government organizations.

Broad support was expressed for re-enrollments and extensions, although there were many and varied comments about the best way to implement both. For example, many proposed an automatic renewal while others discussed using certain competitive factors and adjusting rental rates. Others commented on the existing $50,000 "per person" payment limitation, contract length, and the use of Geographic Information System technology.

FSA also held a public meeting in June, 2005 to obtain additional input on how to best administer re-enrollments and extensions. The meeting generated additional comments on the future direction of CRP enrollment as to whether we should:

- Use a competitive offer process to re-enroll land;
- Automatically re-enroll the land in existing contracts without competition;
- Only re-enroll land with proven benefits or that is environmentally sensitive;
- Use the EBI to target land to be re-enrolled;
- Treat soil erosion, water quality, and wildlife habitat equally; and
- Adjust rental rates to reflect local market values.

FSA is reviewing and analyzing all public comments and expects to announce policies and procedures governing CRP re-enrollment and extensions later this year.

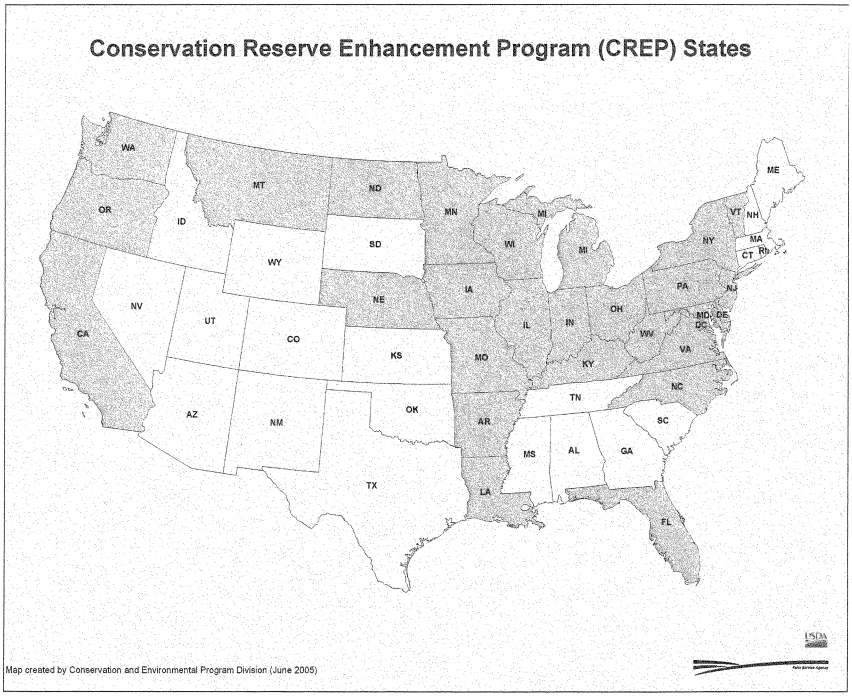
Generally, we see the decision points revolving around several key questions:

- Should expiring acres be re-enrolled automatically, without consideration for their environmental benefits? If not, how should USDA prioritize acres to offer contract re-enrollment opportunities?
- Should existing acres be extended automatically, without consideration for their environmental benefits? If so, for how long? If not, how should USDA prioritize acres to offer contract extension opportunities?
- Should considerations be made for whole field or whole farm re-enrollments and/or extensions?
- Should re-enrollments and/or extensions be required to undergo compliance reviews?
- Should special provisions be made for existing well-established mono-culture conservation covers?

CONCLUSION

The Conservation Reserve Program is the premiere private land conservation program in history, and I am pleased that the Farm Service Agency and other USDA agencies and our partners have helped the Nation's farmers and ranchers' make the program a success. The positive benefits the program has provided clearly show CRP has had significant positive impact on the environment—on water and air quality, wildlife, and soil erosion. Our plans for the future, especially on how to re-enroll and extend expiring contract acres from 2007 through 2010, need to continue and enhance the extraordinary benefits this program has always provided.

For the Committee's information, I have attached detailed CRP performance data. This concludes my statement. I will be glad to answer any questions that Members of the Subcommittee might have.


Conservation Reserve Enhancement Program (CREP) States
WA
OR
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TX
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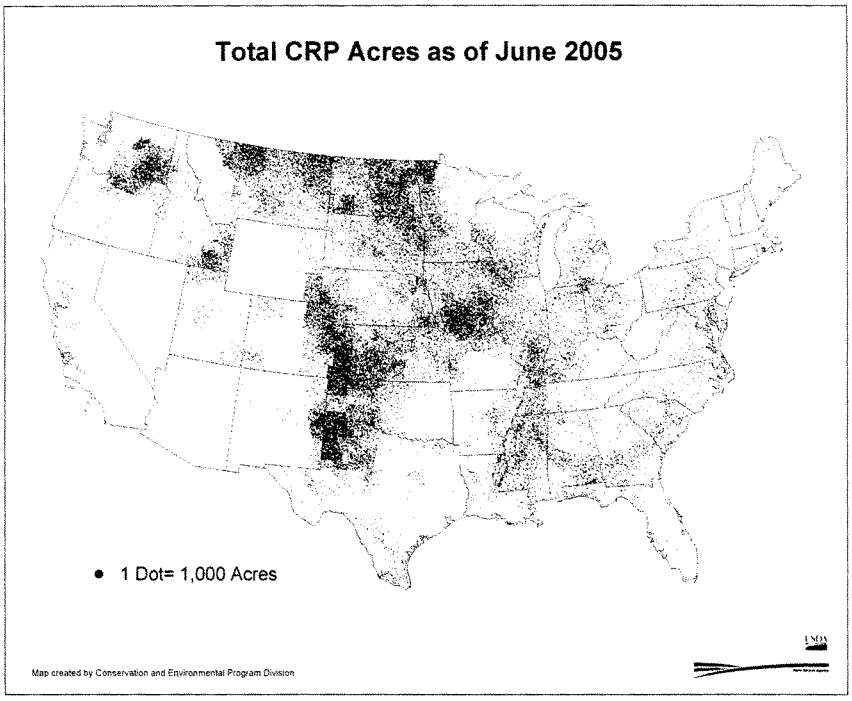
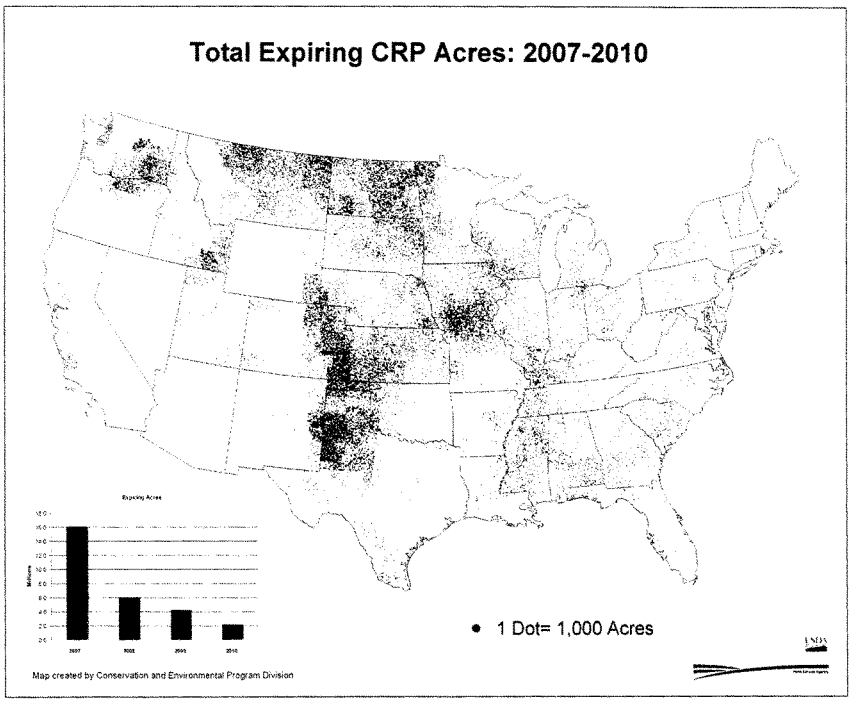
ME
Map created by Conservation and Environmental Program Division (June 2005)


Total CRP Acres as of June 2005
1 Dot= 1,000 Acres
Map created by Conservation and Environmental Program Division
USDA


Total Expiring CRP Acres: 2007-2010
Expiring Acres
Millions
2007
2008
2009
2010
1 Dot= 1,000 Acres
Map created by Conservation and Environmental Program Division

Conservation Reserve Program

USDA Farm Service Agency

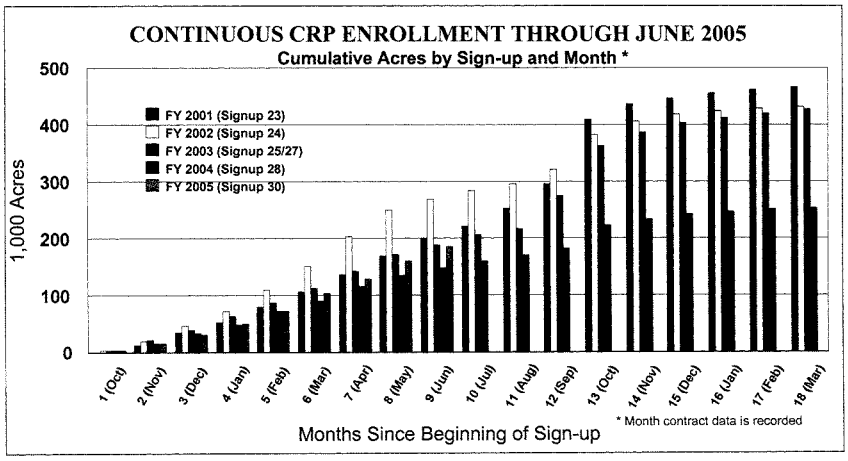
MONTHLY SUMMARY -- JUNE 2005

CURRENT ACTIVE CONTRACTS

Sign-up Type	Contracts	Farms	Acres	Annual Rental Payments b/ ($Million)	($/Acre)
General	398,272	263,913	31,886,826	$1,391	$43.61
Continuous					
Non-CREP	247,207	153,825	2,352,836	$209	$89.02
CREP	42,341	28,265	668,927	$81	$120.28
Subtotal	289,548	177,937 a/	3,021,763	$290	$95.94
Farmable Wetland	8,410	6,807	129,907	$15	$118.95
Total	696,230	406,326 a/	35,038,496	$1,696	$48.40

Note: Not including 650 acres in contracts with invalid expiration year (before 2005).

a/ Number of farms not additive across sign-up types because a farm may participate in multiple sign-up types.
b/ Approximates FY 2006 payments, before adjustments for haying/grazing, non-compliance, terminations, part-year contracts, and contracts not yet recorded.



CONTINUOUS CRP ENROLLMENT SINCE INCEPTION * Through June 2005 (1,000 Acres)								
	By Sign-up Year				Cumulative			
FY	Non-CREP	CREP	FWP	Total	Non-CREP	CREP	FWP	Total
1997(#14)	557	0	0	557	557	0	0	557
1998 (#17	201	14	0	215	758	14	0	772
1999 (#19)	219	45	0	264	977	59	0	1,036
2000 (#21/22)	256	66	0	322	1,233	125	0	1,358
2001 (#23)	296	141	27	464	1,529	266	26	1,821
2002 (#24)	231	167	45	443	1,760	433	71	2,264
2003 (#25/27)	299	120	27	446	2,059	553	98	2,710
2004 (#28)	168	68	21	257	2,227	621	119	2,967
2005 (#30)	125	50	11	186	2,352	671	130	3,153
Total	2,352	671	130	3,153				

* Sign-up 30 data not yet complete.

CONTINUOUS SIGN-UP PROGRESS COMPARED WITH LAST YEAR				
Sign-up Type	Acres Enrolled in Month		Acres Enrolled in Sign-up, Cumulative	
	Sign-up 30 June 2005	Sign-up 28 June 2004	Sign-up 30 (through June 2005)	Sign-up 28 (through June 2004)
Non-CREP	14,000	12,000	125,000	95,000
CREP	11,000	3,000	50,000	40,000
Total	25,000	15,000	175,000	135,000
FWP	1,000	1,000	11,000	12,000
Total	26,000	16,000	186,000	147,000

ENROLLMENT ACTIVITY

- Since Earth Day, April 2004, contracts on 71,152 acres of wetland practices have been approved. As of June 2005, wetland practice (including general and continuous sign-up) contracts total 1,942,554 acres. Wetland practice acreage includes non-wetland buffers that are enrolled as part of the practice.

- FY 2004 continuous sign-up (#28) ended up at 257,000 acres, 43% below FY 2003 continuous sign-up (#25/27).

- Through June, FY 2005 continuous sign-up #30 (186,000 acres) is 27% ahead of FY 2004 (through June) continuous sign-up #28.

- During general sign-up 29, 1.2 million acres were approved for enrollment out of 1.7 million offered acres. Contracts do not start until FY 2006 (143,000 acres have been recorded so far in CRP contract files).

CONTINUOUS SIGN-UP PRACTICES, CUMULATIVE ACRES BY MONTH *

Month	Water Quality Buffers 1/	Wetland Practices							Upland Bird Buffers	Other 4/	Total
		Flood-Plain	Non-Flood-Plain & Playas	Farmable Wetland Program	Bottom-land Trees	CREP 2/	Other 3/	Total			
Jan '04	1,585,897	43,440	0	102,266	346	87,666	52,123	285,842	0	897,411	2,769,240
Feb '04	1,599,597	46,612	0	104,235	419	87,567	53,133	291,967	0	905,623	2,797,188
Mar '04	1,611,561	48,915	0	106,367	797	87,830	53,831	297,741	0	916,210	2,825,512
Apr '04	1,626,223	51,175	0	108,067	1,077	88,234	54,537	303,090	0	926,411	2,855,724
May '04	1,636,916	53,168	0	109,365	1,465	88,202	55,299	307,500	0	933,374	2,877,790
Jun '04	1,642,174	53,613	0	109,965	1,718	88,249	56,060	309,604	0	948,665	2,890,444
Jul '04	1,650,253	54,613	0	110,966	2,044	88,512	56,531	312,667	0	943,560	2,906,550
Aug '04	1,656,643	55,241	0	111,416	2,380	88,294	56,871	314,202	0	947,047	2,971,893
Sep '04	1,663,098	56,247	0	111,894	3,460	88,272	57,253	317,126	0	950,428	2,930,652
Oct '04	1,685,339	60,977	96	115,173	6,057	88,424	58,722	329,450	201	960,214	2,975,204
Nov '04	1,694,222	63,465	377	117,922	6,234	88,430	59,525	335,952	943	967,883	2,999,002
Dec '04	1,701,529	65,381	1,670	120,580	7,252	88,465	60,085	343,435	3,697	974,855	3,023,516
Jan '05	1,707,316	67,072	3,172	122,803	8,187	88,452	60,437	350,123	9,254	979,846	3,046,539
Feb '05	1,715,963	68,325	3,753	124,653	9,176	88,439	61,032	355,378	16,166	985,639	3,073,147
Mar '05	1,723,141	70,360	4,690	126,299	9,703	88,440	61,399	360,892	25,649	993,992	3,103,674
Apr '05	1,730,496	71,461	5,230	127,528	10,029	88,445	62,022	364,715	33,477	1,000,431	3,129,120
May '05	1,738,720	72,646	7,101	129,064	10,658	88,465	62,654	370,588	42,430	1,008,802	3,160,541
Jun '05	1,745,604	73,361	8,340	129,907	11,018	88,463	63,153	374,242	48,354	1,016,759	3,184,958

* Includes 33,000 acres (CP9 and CP13) enrolled prior to beginning of continuous sign-up (1997).

1/ Filterstrips (CP13, CP21), Riparian Buffers (CP22), and Wildlife Habitat on Marginal Pasture (CP29).
2/ Prior to migration of CP23 to continuous sign-up.
3/ Shallow Water Areas for Wildlife (CP9) and Wetland Buffers on Marginal Pasture (CP30).
4/ Includes wellhead protection areas, whole-field CREP enrollments, salinity reducing vegetation (CP18), and other continuous sign-up practices.

General Signup. Producers with eligible lands compete nationally for acceptance based on an environmental benefits index (EBI) during specified enrollment periods. Producers may submit offers below soil-specific maximum rental rates to increase EBI ranking.

Continuous (Non-CREP) Sign-up. Producers with eligible lands may enroll certain high priority conservation practices, such as filter strips and riparian buffers, at any time during the year without competition. In addition to annual soil rental payment and cost-share assistance, many practices are eligible for additional annual and one-time up-front financial incentives.

Conservation Reserve Enhancement Program (CREP). Under CREP agreements, Federal/State partnerships, implement projects designed to address specific environmental objectives through targeted CRP enrollments. Sign-up is held on a continuous basis, general sign-up practices may be included, and additional financial incentives are generally provided. There are 29 agreements currently in effect in 25 States.

Farmable Wetland Program (FWP). Producers enroll small non-flood plain wetlands under modified continuous sign-up provisions.

The accompanying tables are based on contract data developed and maintained in CRP data files by USDA Service Centers as of May 27, 2005, and are based on the physical location of the CRP contracted land. Some adjustments have been made to correct mis-coded data in the active contract files. Farmable Wetland Program contracts are not included in the continuous sign-up tables.

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** Data from Arizona, Hawaii, Nevada, and Rhode Island not reported because of confidentiality concerns (less than 3 contracts in State). Data from these States are included in the totals.

WETLAND PRACTICES IN CRP AS OF JUNE 2005 (ACRES) 1/

STATE	GENERAL (CP23)	FLOOD-PLAIN. (CP23)	NON-FLOODPLAIN (CP23A)	FARMABLE WETLAND (CP27&CP28)	BOTTOMLAND TIMBER (CP31)	CREP WETLAND (CP23)	OTHER WETLAND (CP9&CP30)	TOTAL
U.S.	1,568,312	73,361	8,340	129,907	11,018	88,463	63,153	1,942,554
ALABAMA	73	17	0	0	202	0	162	453
ALASKA	0	0	0	0	0	0	297	297
ARKANSAS	13,776	4,865	0	0	2,590	0	957	22,188
CALIFORNIA	5,109	0	0	0	0	0	139	5,248
COLORADO	1,091	0	0	0	0	0	46	1,138
CONNECTICUT	0	0	0	0	0	0	0	0
DELAWARE	0	59	0	0	0	256	417	731
FLORIDA	0	0	0	0	0	0	0	0
GEORGIA	320	0	0	0	19	0	28	367
IDAHO	1,397	0	0	0	0	0	85	1,481
ILLINOIS	9,066	2,901	647	198	1,091	33,918	5,686	53,506
INDIANA	6,145	895	229	630	616	0	1,611	10,127
IOWA	15,769	22,183	1,423	61,969	455	78	18,902	120,779
KANSAS	4,011	640	22	159	9	0	862	5,704
KENTUCKY	35	43	56	0	45	0	2,898	3,076
LOUISIANA	23,534	13,079	457	0	2,105	0	674	39,849
MAINE	0	0	0	0	0	0	1	1
MARYLAND	18	107	0	0	0	2,069	1,271	3,465
MASSACHUSETTS	0	0	0	0	0	0	0	0
MICHIGAN	799	1,056	1,443	6	11	10,183	2,244	15,743
MINNESOTA	269,218	19,232	1,399	28,613	33	36,681	4,812	359,988
MISSISSIPPI	11,264	331	0	0	2,148	0	792	14,535
MISSOURI	3,846	2,348	167	0	210	0	3,186	9,756
MONTANA	4,609	0	0	109	0	0	95	4,813
NEBRASKA	14,695	544	0	3,317	0	157	313	19,025
NEW HAMPSHIRE	0	0	0	0	0	0	0	0
NEW JERSEY	1	0	0	0	0	0	3	4
NEW MEXICO	0	0	0	0	0	0	0	0
NEW YORK	51	0	0	0	0	0	162	212
NORTH CAROLINA	117	409	0	0	2	1,122	3,151	4,800
NORTH DAKOTA	769,638	305	900	12,499	0	0	35	783,378
OHIO	2,005	803	134	30	53	1,635	897	5,558
OKLAHOMA	1,252	0	165	0	42	0	112	1,571
OREGON	197	0	0	0	0	270	18	485
PENNSYLVANIA	15	328	0	0	1	308	207	859
PUERTO RICO	0	0	0	0	0	0	0	0
SOUTH CAROLINA	284	0	0	0	0	0	2,116	2,400
SOUTH DAKOTA	385,505	2,459	1,199	22,340	0	0	6,209	417,713
TENNESSEE	856	0	0	0	964	0	133	1,953
TEXAS	9,522	10	61	0	422	0	159	10,174
UTAH	0	0	0	0	0	0	1	1
VERMONT	0	0	0	0	0	0	0	0
VIRGINIA	0	58	0	0	0	238	95	391
WASHINGTON	3,510	0	0	0	0	0	65	3,575
WEST VIRGINIA	0	0	0	0	0	0	0	0
WISCONSIN	10,584	691	37	37	0	1,549	4,311	17,209
WYOMING	0	0	0	0	0	0	0	0

1/ Includes general, continuous, CREP, and Farmable Wetland enrollment.

CRP ENROLLMENT AS OF JUNE 2005 1/
BY SIGN-UP AND INITIAL CONTRACT YEAR 2/

ACRES

SIGN-UP	BEFORE 1998	1998	1999	2000	2001	2002	2003	2004	2005	2006	TOTAL
1-12	107,661	0	0	0	0	0	0	0	0	0	107,661
13	591,994	0	0	0	0	0	0	0	0	0	591,994
14	98,608	458,052	0	0	0	0	0	0	0	0	556,660
15	0	16,105,427	355,412	0	0	0	0	0	0	0	16,460,838
16	0	1,760,542	4,055,808	0	0	0	0	0	0	0	5,816,350
17	0	112,007	103,017	0	0	0	0	0	0	0	215,024
18	0	0	0	4,712,291	0	0	0	0	0	0	4,712,291
19	0	0	133,745	130,206	0	0	0	0	0	0	263,951
20	0	0	0	0	2,229,380	0	0	0	0	0	2,229,380
21	0	0	0	105,286	12,821	0	0	0	0	0	118,108
22	0	0	0	33,222	169,939	0	0	0	0	0	203,161
23	0	0	0	0	219,278	243,761	0	0	0	0	463,039
24	0	0	0	0	0	289,843	153,289	0	0	0	443,132
25	0	0	0	0	0	0	203,819	55,067	0	0	258,885
26	0	0	0	0	0	0	0	1,660,384	164,238	0	1,824,622
27	0	0	0	0	0	0	11,961	175,283	0	0	187,244
28	0	0	0	0	0	0	0	156,188	100,477	0	256,665
29	0	0	0	0	0	0	0	0	0	143,690	143,690
30	0	0	0	0	0	0	0	0	173,902	11,899	185,801
ALL	798,263	18,436,027	4,647,981	4,981,005	2,631,419	533,604	369,069	2,046,922	438,617	155,589	35,038,496

NUMBER OF CONTRACTS

SIGN-UP	BEFORE 1998	1998	1999	2000	2001	2002	2003	2004	2005	2006	TOTAL
1-12	3,201	0	0	0	0	0	0	0	0	0	3,201
13	13,103	0	0	0	0	0	0	0	0	0	13,103
14	11,417	22,024	0	0	0	0	0	0	0	0	33,441
15	0	164,671	2,598	0	0	0	0	0	0	0	167,269
16	0	23,801	52,727	0	0	0	0	0	0	0	76,528
17	0	14,324	11,599	0	0	0	0	0	0	0	25,923
18	0	0	0	60,799	0	0	0	0	0	0	60,799
19	0	0	16,980	12,685	0	0	0	0	0	0	29,665
20	0	0	0	0	37,866	0	0	0	0	0	37,866
21	0	0	0	12,226	816	0	0	0	0	0	13,042
22	0	0	0	5,552	16,387	0	0	0	0	0	21,939
23	0	0	0	0	27,635	21,266	0	0	0	0	48,901
24	0	0	0	0	0	32,334	11,567	0	0	0	43,901
25	0	0	0	0	0	0	20,816	3,649	0	0	24,465
26	0	0	0	0	0	0	0	35,020	1,828	0	36,848
27	0	0	0	0	0	0	1,702	11,492	0	0	13,194
28	0	0	0	0	0	0	0	17,001	7,997	0	24,998
29	0	0	0	0	0	0	0	0	0	2,658	2,658
30	0	0	0	0	0	0	0	0	17,679	810	18,489
ALL	27,721	224,820	83,904	91,262	82,704	53,600	34,085	67,162	27,504	3,468	696,230

1/ Not including 650 acres in contracts with invalid expiration year (before 2005).
2/ For CRP, contract year is the same as fiscal year, which begins October 1.

General Sign-up Numbers: 1-13, 15, 16, 18, 20, 26, and 29 (no data yet).
Continuous Sign-up Numbers: 14, 17, 19, 21-25, 27, 28, and 30 (in progress).

CRP ENROLLMENT BY STATE AS OF JUNE 2005
--------TOTAL CRP (ALL SIGN-UPS)-------

STATE 1/	NUMBER OF CONTRACTS	NUMBER OF FARMS	ACRES	ANNUAL RENTAL PAYMENTS 2/ ($1,000)	($/ACRE)
U.S.	696,230	406,326	35,038,496	1,695,936	48.40
ALABAMA	10,377	7,617	487,189	21,959	45.07
ALASKA	65	44	29,804	995	33.39
ARKANSAS	4,302	2,618	203,807	10,127	49.69
CALIFORNIA	542	423	144,408	4,533	31.39
COLORADO	12,730	6,207	2,309,628	72,143	31.24
CONNECTICUT	26	24	318	21	66.81
DELAWARE	719	387	7,708	781	101.37
FLORIDA	1,972	1,589	87,390	3,286	37.61
GEORGIA	8,277	6,177	306,152	12,167	39.74
IDAHO	5,559	3,226	792,498	30,843	38.92
ILLINOIS	70,400	40,738	1,031,643	105,311	102.08
INDIANA	31,360	19,265	292,432	26,315	89.99
IOWA	96,393	50,254	1,922,401	200,448	104.27
KANSAS	43,528	26,566	2,916,050	113,237	38.83
KENTUCKY	14,754	8,913	342,077	25,422	74.32
LOUISIANA	3,538	2,398	243,644	11,366	46.65
MAINE	866	581	23,750	1,180	49.70
MARYLAND	6,284	3,433	85,026	10,282	120.93
MASSACHUSETTS	17	14	121	13	103.80
MICHIGAN	15,043	9,118	264,266	19,130	72.39
MINNESOTA	56,625	31,413	1,770,651	104,369	58.94
MISSISSIPPI	20,675	13,675	951,621	39,719	41.74
MISSOURI	34,335	21,061	1,565,520	103,697	66.24
MONTANA	17,844	6,705	3,403,050	114,386	33.61
NEBRASKA	26,038	15,205	1,200,581	66,087	55.05
NEW HAMPSHIRE	17	14	197	10	52.42
NEW JERSEY	136	96	2,304	116	50.31
NEW MEXICO	2,659	1,661	597,029	18,758	31.42
NEW YORK	2,678	1,996	61,792	3,054	49.43
NORTH CAROLINA	7,642	5,113	126,062	7,676	60.89
NORTH DAKOTA	35,919	17,587	3,340,672	110,579	33.10
OHIO	25,629	16,182	286,680	24,795	86.49
OKLAHOMA	8,905	6,120	1,034,209	33,497	32.39
OREGON	3,280	1,826	513,872	24,939	48.53
PENNSYLVANIA	9,275	5,918	198,482	16,617	83.72
PUERTO RICO	22	21	1,107	88	79.58
SOUTH CAROLINA	9,060	5,299	214,962	7,622	35.46
SOUTH DAKOTA	26,466	13,408	1,474,959	60,747	41.19
TENNESSEE	8,558	6,042	276,681	16,179	58.48
TEXAS	24,399	17,729	3,960,743	139,420	35.20
UTAH	1,057	625	202,976	6,176	30.43
VERMONT	157	125	1,605	125	77.60
VIRGINIA	4,440	3,517	63,624	3,387	53.24
WASHINGTON	11,059	4,559	1,393,743	73,494	52.73
WEST VIRGINIA	200	164	2,710	168	61.94
WISCONSIN	31,278	19,932	621,106	42,933	69.12
WYOMING	1,121	737	281,020	7,732	27.51

Note: Not including 650 acres in contracts with invalid expiration year (before 2005).
1/ State in which land is located.
2/ Payments scheduled to be made October 2005. Includes annual incentive and maintenance allowance payments, but not one-time signing and practice incentive payments or payment reductions, such as for lands enrolled less than a full year and lands hayed or grazed.

CRP ENROLLMENT BY STATE AS OF JUNE 2005

----------GENERAL SIGN-UP----------

STATE 1/	NUMBER OF CONTRACTS	NUMBER OF FARMS	ACRES	ANNUAL RENTAL PAYMENTS 2/ ($1,000)	($/ACRE)
U.S.	398,272	263,913	31,886,826	1,390,579	43.61
ALABAMA	9,284	6,970	457,554	20,470	44.74
ALASKA	58	39	29,321	968	33.00
ARKANSAS	2,382	1,677	149,341	6,364	42.62
CALIFORNIA	409	312	134,889	3,701	27.44
COLORADO	11,784	5,895	2,301,417	71,809	31.20
CONNECTICUT	16	16	235	14	61.35
DELAWARE	79	64	1,727	114	66.29
FLORIDA	1,970	1,589	87,322	3,284	37.60
GEORGIA	8,042	6,050	303,842	12,052	39.66
IDAHO	4,986	2,880	783,298	30,342	38.74
ILLINOIS	24,194	17,124	649,215	51,930	79.99
INDIANA	8,250	6,426	205,604	15,466	75.22
IOWA	34,317	24,140	1,435,108	130,197	90.72
KANSAS	35,325	22,818	2,853,788	109,398	38.33
KENTUCKY	7,236	5,453	282,165	19,385	68.70
LOUISIANA	2,902	2,076	220,586	9,994	45.31
MAINE	733	496	23,379	1,156	49.45
MARYLAND	636	520	12,246	817	66.74
MASSACHUSETTS	7	6	93	10	103.43
MICHIGAN	6,342	5,065	192,541	10,848	56.34
MINNESOTA	26,975	17,867	1,425,181	73,051	51.26
MISSISSIPPI	14,436	10,625	806,737	31,023	38.45
MISSOURI	25,730	17,704	1,471,362	95,440	64.87
MONTANA	16,257	6,283	3,241,666	107,808	33.26
NEBRASKA	16,035	10,551	1,113,300	58,800	52.82
NEW HAMPSHIRE	1	1	11	1	48.00
NEW JERSEY	89	62	2,113	101	47.73
NEW MEXICO	2,596	1,625	589,694	18,437	31.27
NEW YORK	1,627	1,257	49,040	1,975	40.28
NORTH CAROLINA	4,153	3,248	84,318	3,659	43.40
NORTH DAKOTA	28,241	14,598	3,184,991	104,170	32.71
OHIO	7,105	5,674	212,873	15,414	72.41
OKLAHOMA	8,480	5,859	1,020,990	32,918	32.24
OREGON	2,268	1,343	484,295	22,653	46.77
PENNSYLVANIA	1,793	1,474	57,278	2,298	40.11
PUERTO RICO	20	19	671	60	89.05
SOUTH CAROLINA	5,355	3,739	177,336	5,633	31.76
SOUTH DAKOTA	13,900	7,557	1,296,550	49,500	38.18
TENNESSEE	6,746	5,294	258,062	14,586	56.52
TEXAS	23,288	17,001	3,917,937	137,765	35.16
UTAH	1,032	605	202,733	6,164	30.41
VERMONT	4	4	116	5	39.95
VIRGINIA	1,716	1,411	40,718	1,647	40.46
WASHINGTON	7,529	3,581	1,289,193	65,225	50.59
WEST VIRGINIA	24	21	817	33	40.53
WISCONSIN	22,946	16,266	559,314	36,399	65.08
WYOMING	972	626	275,674	7,492	27.18

Note: Not including 650 acres in contracts with invalid expiration year (before 2005).
1/ State in which land is located.
2/ Payments scheduled to be made October 2005. Includes annual maintenance allowance payments, but not payment reductions, such as for lands enrolled less than a full year and lands hayed or grazed.

CRP ENROLLMENT BY STATE AS OF JUNE 2005
-------TOTAL CONTINUOUS/CREP 1/--------

STATE 2/	NUMBER OF CONTRACTS	NUMBER OF FARMS	ACRES	ANNUAL RENTAL PAYMENTS 3/ ($1,000)	($/ACRE)
U.S.	289,548	177,937	3,021,763	289,917	95.94
ALABAMA	1,093	842	29,635	1,489	50.25
ALASKA	7	6	482	28	57.12
ARKANSAS	1,920	1,218	54,466	3,763	69.09
CALIFORNIA	133	114	9,520	832	87.37
COLORADO	946	526	8,210	334	40.69
CONNECTICUT	10	8	83	7	82.32
DELAWARE	640	351	5,981	667	111.49
FLORIDA	2	2	68	3	39.88
GEORGIA	235	157	2,310	115	49.83
IDAHO	573	455	9,201	501	54.40
ILLINOIS	46,184	28,688	382,229	53,349	139.57
INDIANA	23,053	14,452	86,198	10,770	124.95
IOWA	58,326	32,999	425,323	60,203	141.55
KANSAS	8,192	5,575	62,103	3,831	61.69
KENTUCKY	7,518	4,434	59,912	6,037	100.76
LOUISIANA	636	445	23,058	1,373	59.53
MAINE	133	105	371	24	64.97
MARYLAND	5,648	3,230	72,781	9,465	130.05
MASSACHUSETTS	10	8	27	3	105.06
MICHIGAN	8,699	4,638	71,719	8,281	115.47
MINNESOTA	27,551	17,313	316,857	28,557	90.13
MISSISSIPPI	6,239	4,375	144,884	8,696	60.02
MISSOURI	8,605	5,692	94,158	8,256	87.69
MONTANA	1,574	634	161,276	6,574	40.76
NEBRASKA	9,615	6,135	83,964	7,005	83.43
NEW HAMPSHIRE	16	13	186	10	52.67
NEW JERSEY	47	35	190	15	78.90
NEW MEXICO	63	38	7,336	321	43.71
NEW YORK	1,051	775	12,752	1,079	84.60
NORTH CAROLINA	3,489	1,954	41,744	4,017	96.22
NORTH DAKOTA	7,020	4,205	143,182	5,817	40.63
OHIO	18,519	11,868	73,776	9,377	127.10
OKLAHOMA	425	326	13,218	579	43.77
OREGON	1,012	652	29,577	2,286	77.31
PENNSYLVANIA	7,482	4,707	141,204	14,319	101.41
PUERTO RICO	2	2	436	28	65.00
SOUTH CAROLINA	3,705	2,113	37,626	1,990	52.88
SOUTH DAKOTA	11,166	6,938	156,069	9,620	61.64
TENNESSEE	1,812	1,284	18,619	1,594	85.60
TEXAS	1,111	905	42,806	1,655	38.66
UTAH	25	20	243	11	46.75
VERMONT	153	121	1,488	120	80.54
VIRGINIA	2,724	2,166	22,907	1,740	75.96
WASHINGTON	3,530	1,857	104,551	8,269	79.10
WEST VIRGINIA	176	143	1,893	135	71.19
WISCONSIN	8,327	5,287	61,755	6,530	105.73
WYOMING	149	124	5,346	240	44.96

1/ Farmable Wetland enrollment not included.
2/ State in which land is located.
3/ Payments scheduled to be made October 2005. Includes annual incentive and maintenance allowance payments, but not one-time signing and practice incentive payments or payment reductions, such as for lands enrolled less than a full year and lands hayed or grazed.

CRP ENROLLMENT BY STATE AS OF JUNE 2005

----------CREP ONLY----------

STATE 1/	NUMBER OF CONTRACTS	NUMBER OF FARMS	ACRES	ANNUAL RENTAL PAYMENTS 2/ ($1,000)	($/ACRE)
U.S.	42,341	28,265	668,927	80,461	120.28
ALABAMA	0	0	0	0	.
ALASKA	0	0	0	0	.
ARKANSAS	223	141	6,444	647	100.40
CALIFORNIA	41	38	3,356	415	123.55
COLORADO	0	0	0	0	.
CONNECTICUT	0	0	0	0	.
DELAWARE	449	262	5,120	599	116.97
FLORIDA	0	0	0	0	.
GEORGIA	0	0	0	0	.
IDAHO	0	0	0	0	.
ILLINOIS	5,416	3,979	109,602	17,473	159.42
INDIANA	0	0	0	0	.
IOWA	20	16	466	101	217.21
KANSAS	0	0	0	0	.
KENTUCKY	456	268	8,993	1,060	117.84
LOUISIANA	0	0	0	0	.
MAINE	0	0	0	0	.
MARYLAND	5,087	3,054	69,507	9,187	132.18
MASSACHUSETTS	0	0	0	0	.
MICHIGAN	4,329	2,285	50,487	6,194	122.69
MINNESOTA	2,622	2,121	83,673	9,317	111.35
MISSISSIPPI	0	0	0	0	.
MISSOURI	255	193	13,655	1,180	86.44
MONTANA	98	36	8,650	840	97.06
NEBRASKA	1,949	1,404	22,354	2,192	98.07
NEW HAMPSHIRE	0	0	0	0	.
NEW JERSEY	4	3	13	1	116.76
NEW MEXICO	0	0	0	0	.
NEW YORK	323	248	4,249	629	148.00
NORTH CAROLINA	1,988	1,262	28,167	3,048	108.20
NORTH DAKOTA	75	56	1,498	53	35.63
OHIO	4,778	3,282	28,038	4,406	157.15
OKLAHOMA	0	0	0	0	.
OREGON	628	443	17,316	1,557	89.94
PENNSYLVANIA	7,070	4,398	140,128	14,264	101.80
PUERTO RICO	0	0	0	0	.
SOUTH CAROLINA	0	0	0	0	.
SOUTH DAKOTA	0	0	0	0	.
TENNESSEE	0	0	0	0	.
TEXAS	0	0	0	0	.
UTAH	0	0	0	0	.
VERMONT	110	87	1,127	100	89.09
VIRGINIA	2,505	2,000	21,192	1,657	78.18
WASHINGTON	583	466	9,608	1,576	164.06
WEST VIRGINIA	134	109	1,626	122	75.24
WISCONSIN	3,198	2,114	33,656	3,840	114.11
WYOMING	0	0	0	0	.

1/ State in which land is located.
2/ Payments scheduled to be made October 2005. Includes annual incentive and maintenance allowance payments, but not one-time signing and practice incentive payments or payment reductions, such as for lands enrolled less than a full year and lands hayed or grazed.

CRP ENROLLMENT BY STATE AS OF JUNE 2005
---------CONTINUOUS NON-CREP 1/--------

STATE 2/	NUMBER OF CONTRACTS	NUMBER OF FARMS	ACRES	ANNUAL RENTAL PAYMENTS 3/ ($1,000)	($/ACRE)
U.S.	247,207	153,825	2,352,836	209,456	89.02
ALABAMA	1,093	842	29,635	1,489	50.25
ALASKA	7	6	482	28	57.12
ARKANSAS	1,697	1,089	48,022	3,116	64.88
CALIFORNIA	92	76	6,164	417	67.67
COLORADO	946	526	8,210	334	40.69
CONNECTICUT	10	8	83	7	82.32
DELAWARE	191	147	861	68	78.94
FLORIDA	2	2	68	3	39.88
GEORGIA	235	157	2,310	115	49.83
IDAHO	573	455	9,201	501	54.40
ILLINOIS	40,768	25,866	272,627	35,877	131.60
INDIANA	23,053	14,452	86,198	10,770	124.95
IOWA	58,306	32,992	424,857	60,102	141.46
KANSAS	8,192	5,575	62,103	3,831	61.69
KENTUCKY	7,062	4,167	50,919	4,977	97.75
LOUISIANA	636	445	23,058	1,373	59.53
MAINE	133	105	371	24	64.97
MARYLAND	561	419	3,273	278	84.80
MASSACHUSETTS	10	8	27	3	105.06
MICHIGAN	4,370	2,679	21,232	2,087	98.31
MINNESOTA	24,929	15,746	233,184	19,240	82.51
MISSISSIPPI	6,239	4,375	144,884	8,696	60.02
MISSOURI	8,350	5,512	80,502	7,076	87.90
MONTANA	1,476	598	152,626	5,734	37.57
NEBRASKA	7,666	5,094	61,610	4,813	78.12
NEW HAMPSHIRE	16	13	186	10	52.67
NEW JERSEY	43	32	178	14	76.20
NEW MEXICO	63	38	7,336	321	43.71
NEW YORK	728	539	8,504	450	52.92
NORTH CAROLINA	1,501	782	13,576	969	71.37
NORTH DAKOTA	6,945	4,153	141,684	5,764	40.68
OHIO	13,741	9,357	45,738	4,971	108.68
OKLAHOMA	425	326	13,218	579	43.77
OREGON	384	254	12,261	729	59.47
PENNSYLVANIA	412	338	1,077	55	50.84
PUERTO RICO	2	2	436	28	65.00
SOUTH CAROLINA	3,705	2,113	37,626	1,990	52.88
SOUTH DAKOTA	11,166	6,938	156,069	9,620	61.64
TENNESSEE	1,812	1,284	18,619	1,594	85.60
TEXAS	1,111	905	42,806	1,655	38.66
UTAH	25	20	243	11	46.75
VERMONT	43	41	362	20	53.94
VIRGINIA	219	190	1,715	83	48.56
WASHINGTON	2,947	1,434	94,943	6,693	70.50
WEST VIRGINIA	42	35	266	12	46.43
WISCONSIN	5,129	3,564	28,099	2,689	95.70
WYOMING	149	124	5,346	240	44.96

1/ Farmable Wetland enrollment not included.
2/ State in which land is located.
3/ Payments scheduled to be made October 2005. Includes annual incentive and maintenance allowance payments, but not one-time signing and practice incentive payments or payment reductions, such as for lands enrolled less than a full year and lands hayed or grazed.

CRP ENROLLMENT BY STATE AS OF JUNE 2005
-------FARMABLE WETLAND PROGRAM--------

STATE 1/	NUMBER OF CONTRACTS	NUMBER OF FARMS	ACRES	ANNUAL RENTAL PAYMENTS 2/ ($1,000)	($/ACRE)
U.S.	8,410	6,807	129,907	15,440	118.85
ALABAMA	0	0	0	0	.
ALASKA	0	0	0	0	.
ARKANSAS	0	0	0	0	.
CALIFORNIA	0	0	0	0	.
COLORADO	0	0	0	0	.
CONNECTICUT	0	0	0	0	.
DELAWARE	0	0	0	0	.
FLORIDA	0	0	0	0	.
GEORGIA	0	0	0	0	.
IDAHO	0	0	0	0	.
ILLINOIS	22	22	198	32	159.96
INDIANA	57	53	630	78	124.12
IOWA	3,750	3,018	61,969	10,048	162.14
KANSAS	11	11	159	8	51.25
KENTUCKY	0	0	0	0	.
LOUISIANA	0	0	0	0	.
MAINE	0	0	0	0	.
MARYLAND	0	0	0	0	.
MASSACHUSETTS	0	0	0	0	.
MICHIGAN	2	2	6	1	88.63
MINNESOTA	2,099	1,819	28,613	2,761	96.49
MISSISSIPPI	0	0	0	0	.
MISSOURI	0	0	0	0	.
MONTANA	13	6	109	4	35.35
NEBRASKA	388	345	3,317	282	84.87
NEW HAMPSHIRE	0	0	0	0	.
NEW JERSEY	0	0	0	0	.
NEW MEXICO	0	0	0	0	.
NEW YORK	0	0	0	0	.
NORTH CAROLINA	0	0	0	0	.
NORTH DAKOTA	658	447	12,499	592	47.35
OHIO	5	7	30	4	116.18
OKLAHOMA	0	0	0	0	.
OREGON	0	0	0	0	.
PENNSYLVANIA	0	0	0	0	.
PUERTO RICO	0	0	0	0	.
SOUTH CAROLINA	0	0	0	0	.
SOUTH DAKOTA	1,400	1,072	22,340	1,627	72.85
TENNESSEE	0	0	0	0	.
TEXAS	0	0	0	0	.
UTAH	0	0	0	0	.
VERMONT	0	0	0	0	.
VIRGINIA	0	0	0	0	.
WASHINGTON	0	0	0	0	.
WEST VIRGINIA	0	0	0	0	.
WISCONSIN	5	5	37	4	119.50
WYOMING	0	0	0	0	.

1/ State in which land is located.
2/ Payments scheduled to be made October 2005. Includes annual incentive and maintenance allowance payments, but not one-time signing and practice incentive payments or payment reductions, such as for lands enrolled less than a full year and lands hayed or grazed.

CONTINUOUS/CREP ENROLLMENT CHANGE FROM PREVIOUS MONTH
--------CHANGE FROM MAY 2005 TO JUNE 2005 1/---------

	------NON-CREP------		--------CREP--------		--------TOTAL-------	
STATE 2/	NUMBER OF CONTRACTS	ACRES	NUMBER OF CONTRACTS	ACRES	NUMBER OF CONTRACTS	ACRES
U.S.	2,075	13,343	550	10,242	2,625	23,585
ALABAMA	-1	31	0	0	-1	31
ALASKA	-2	-21	0	0	-2	-21
ARKANSAS	12	653	0	-3	12	650
CALIFORNIA	0	0	-1	-168	-1	-168
COLORADO	3	15	0	0	3	15
CONNECTICUT	-1	-14	0	0	-1	-14
DELAWARE	0	0	3	26	3	26
FLORIDA	0	0	0	0	0	0
GEORGIA	2	17	0	0	2	17
HAWAII	0	0	0	0	0	0
IDAHO	5	0	0	0	5	0
ILLINOIS	280	861	3	4	283	865
INDIANA	325	1,284	0	0	325	1,284
IOWA	256	1,086	1	16	257	1,102
KANSAS	149	1,704	0	0	149	1,704
KENTUCKY	101	740	9	87	110	827
LOUISIANA	2	271	0	0	2	271
MAINE	1	1	0	0	1	1
MARYLAND	4	25	29	150	33	175
MASSACHUSETTS	0	0	0	0	0	0
MICHIGAN	20	95	75	1,008	95	1,103
MINNESOTA	124	547	3	75	127	622
MISSISSIPPI	22	413	0	0	22	413
MISSOURI	111	1,049	1	8	112	1,057
MONTANA	2	20	0	0	2	20
NEBRASKA	72	424	21	1,986	93	2,410
NEVADA	0	0	0	0	0	0
NEW HAMPSHIRE	0	0	0	0	0	0
NEW JERSEY	0	0	1	5	1	5
NEW MEXICO	1	6	0	0	1	6
NEW YORK	1	-1	12	164	13	164
NORTH CAROLINA	40	214	21	225	61	439
NORTH DAKOTA	38	-303	0	1	38	-302
OHIO	167	476	203	4,105	370	4,581
OKLAHOMA	6	120	0	0	6	120
OREGON	3	-9	23	584	26	574
PENNSYLVANIA	1	1	91	1,669	92	1,670
PUERTO RICO	0	0	0	0	0	0
RHODE ISLAND	0	0	0	0	0	0
SOUTH CAROLINA	80	807	0	0	80	807
SOUTH DAKOTA	164	1,576	0	0	164	1,576
TENNESSEE	36	327	0	0	36	327
TEXAS	21	444	0	0	21	444
UTAH	0	0	0	0	0	0
VERMONT	1	2	2	7	3	8
VIRGINIA	3	49	33	157	36	206
WASHINGTON	10	250	3	23	13	274
WEST VIRGINIA	0	0	2	11	2	11
WISCONSIN	20	204	15	102	35	306
WYOMING	-2	-16	0	0	-2	-16

1/ Farmable Wetland enrollment not included.
2/ State in which land is located.
Note: Negative numbers, indicating net reductions in contracts or acres, reflect contract terminations, data errors, and/or data corrections.

CONTINUOUS/CREP ENROLLMENT ACTIVITY SINCE INCEPTION

BY STATE AND SIGN-UP, AS OF JUNE 2005 (ACRES) 1/

SIGN-UP NUMBER	14,17,19	21,22 3/	23	24	25/27 4/	28	30 5/	TOTAL
SIGN-UP FY	1997-99	2000	2001	2002	2003	2004	2005	
STATE 2/								
U.S.	1,035,635	321,268	436,903	397,919	418,914	236,008	175,115	3,021,763
ALABAMA	1,542	4,772	6,240	4,731	7,327	3,994	1,030	29,635
ALASKA	0	40	99	1	50	293	0	482
ARKANSAS	3,350	2,715	5,189	8,065	20,380	10,637	4,130	54,466
CALIFORNIA	40	1,027	2,286	1,121	3,185	1,639	223	9,520
COLORADO	1,672	1,270	1,067	2,164	967	843	226	8,210
CONNECTICUT	66	13	3	0	0	0	0	83
DELAWARE	595	1,582	1,064	1,889	354	261	236	5,981
FLORIDA	68	0	0	0	0	0	0	68
GEORGIA	1,039	4	179	298	328	160	302	2,310
IDAHO	1,365	967	2,596	2,018	1,738	380	136	9,201
ILLINOIS	144,413	63,615	67,811	39,749	26,195	15,836	24,610	382,229
INDIANA	23,108	12,823	15,793	11,515	9,517	5,983	7,459	86,198
IOWA	175,831	62,649	57,669	42,250	40,073	30,554	16,297	425,323
KANSAS	20,626	4,938	7,035	7,366	6,258	4,316	11,564	62,103
KENTUCKY	13,914	7,511	10,345	10,135	7,404	5,963	4,640	59,912
LOUISIANA	2,025	320	799	1,821	9,648	6,261	2,183	23,058
MAINE	100	122	94	38	8	3	6	371
MARYLAND	15,362	7,125	12,141	17,302	16,988	3,057	806	72,781
MASSACHUSETTS	27	0	0	0	0	0	0	27
MICHIGAN	6,981	3,404	23,226	25,833	7,014	1,624	3,637	71,719
MINNESOTA	94,494	29,610	65,163	62,603	45,101	13,846	6,038	316,857
MISSISSIPPI	12,220	19,721	18,438	20,775	51,863	16,622	5,245	144,884
MISSOURI	24,201	7,970	19,935	16,554	13,614	5,981	5,901	94,158
MONTANA	143,771	1,824	2,211	1,178	8,812	2,358	1,122	161,276
NEBRASKA	12,410	6,960	11,279	10,658	29,472	7,325	5,860	83,964
NEW HAMPSHIRE	168	6	12	0	0	1	0	186
NEW JERSEY	74	6	66	10	22	0	13	190
NEW MEXICO	0	0	851	2,616	1,388	1,570	911	7,336
NEW YORK	1,044	1,712	4,060	1,671	1,132	2,452	681	12,752
NORTH CAROLINA	12,013	8,744	5,120	3,128	6,174	4,192	2,372	41,744
NORTH DAKOTA	86,751	12,053	15,670	10,782	7,298	7,308	3,318	143,182
OHIO	18,213	8,813	12,281	9,628	9,854	5,635	9,351	73,776
OKLAHOMA	9,971	578	1,009	438	418	326	478	13,218
OREGON	2,682	2,064	4,189	2,929	8,875	5,728	3,110	29,577
PENNSYLVANIA	228	9,841	20,127	23,813	22,495	37,332	27,368	141,204
PUERTO RICO	0	0	0	0	0	436	0	436
SOUTH CAROLINA	20,691	6,637	3,606	1,314	888	916	3,574	37,626
SOUTH DAKOTA	105,323	4,418	7,176	9,065	11,070	10,556	8,461	156,069
TENNESSEE	2,643	874	2,320	3,811	3,846	2,066	3,059	18,619
TEXAS	11,028	1,275	1,779	10,017	8,808	5,071	4,826	42,806
UTAH	32	0	12	23	141	36	0	243
VERMONT	141	129	257	520	161	223	58	1,488
VIRGINIA	1,073	3,363	7,888	2,633	4,567	2,301	1,081	22,907
WASHINGTON	49,549	15,592	13,227	7,714	11,854	4,519	2,095	104,551
WEST VIRGINIA	40	17	138	567	598	422	111	1,893
WISCONSIN	14,347	3,679	5,859	18,375	11,867	5,230	2,398	61,755
WYOMING	402	485	572	801	1,160	1,728	198	5,346

1/ Farmable Wetland enrollment not included.
2/ State in which land is located.
3/ Sign-up 21 ended and sign-up 22 began in May 2000.
4/ Sign-up 25 ended and sign-up 27 began in May 2003.
5/ Sign-up 30 in progress.

SCHEDULE OF CRP CONTRACT EXPIRATIONS
BY STATE AND YEAR OF CONTRACT EXPIRATION, AS OF JUNE 2005 (ACRES)

STATE 1/	2005	2006	2007	2008	2009	2010	2011	2012	2013+
U.S.	437,412	195,251	16,038,579	6,060,532	4,264,606	2,175,082	199,740	719,362	4,947,930
ALABAMA	8,971	2,180	231,253	59,204	29,483	35,590	9,719	7,823	102,965
ALASKA	0	0	24,123	0	4,999	240	5	1	438
ARKANSAS	3,986	3,221	46,600	7,923	7,431	26,838	1,690	12,551	93,568
CALIFORNIA	2,394	0	96,318	15,843	9,276	6,890	490	1,252	11,945
COLORADO	2,080	1,866	1,354,271	396,276	303,902	114,411	257	888	135,678
CONNECTICUT	0	0	167	34	71	13	3	30	0
DELAWARE	0	0	600	613	601	435	113	199	5,146
FLORIDA	1,970	956	43,300	5,184	6,083	9,383	1,227	1,132	18,156
GEORGIA	7,508	2,137	96,620	16,696	13,361	26,896	5,813	5,016	132,105
IDAHO	3,204	1,424	529,731	69,501	85,563	31,687	859	563	69,968
ILLINOIS	25,942	9,166	188,223	134,123	108,245	91,452	24,821	43,176	406,495
INDIANA	5,682	3,697	73,598	45,613	30,051	22,685	10,665	15,113	85,328
IOWA	61,111	14,963	519,842	359,338	255,139	192,182	35,989	63,810	420,026
KANSAS	11,380	16,877	1,612,891	390,396	356,006	121,442	4,160	9,159	393,739
KENTUCKY	5,799	1,277	134,474	47,268	31,313	38,286	4,172	7,367	72,122
LOUISIANA	2,597	2,335	42,244	9,869	11,790	15,708	1,858	23,546	133,697
MAINE	0	0	15,219	5,187	1,810	606	89	60	779
MARYLAND	1,314	171	6,006	5,737	6,923	3,826	3,180	8,594	49,275
MASSACHUSETTS	47	0	19	14	5	30	5	0	0
MICHIGAN	16,725	2,863	47,210	47,444	24,137	21,368	1,759	2,232	100,527
MINNESOTA	15,443	2,309	397,202	400,878	266,025	81,779	15,567	88,679	502,769
MISSISSIPPI	29,153	21,072	419,258	70,821	67,792	56,722	7,602	39,572	239,628
MISSOURI	51,248	18,519	785,290	186,748	128,821	130,709	3,879	15,484	244,821
MONTANA	32,602	27,595	1,678,313	765,624	512,991	207,944	1,542	3,390	173,049
NEBRASKA	17,171	4,429	559,700	179,740	155,963	83,014	2,864	9,756	187,943
NEW HAMPSHIRE	11	0	105	17	0	6	45	0	13
NEW JERSEY	17	0	1,020	592	123	216	29	12	294
NEW MEXICO	3,425	2,189	532,931	36,882	11,563	526	0	0	9,514
NEW YORK	2,728	167	24,881	11,113	4,451	3,379	117	535	14,420
NORTH CAROLINA	1,977	110	40,508	11,484	10,258	8,984	2,673	991	49,078
NORTH DAKOTA	19,122	11,271	1,707,514	479,927	521,731	155,001	12,764	219,851	213,490
OHIO	6,283	1,086	80,363	35,673	28,294	25,507	5,830	9,059	94,585
OKLAHOMA	5,765	7,317	628,620	175,158	135,592	37,276	549	193	43,737
OREGON	13	1,218	295,661	62,699	38,658	34,833	651	829	79,309
PENNSYLVANIA	4,117	619	31,112	12,694	6,279	2,034	20,908	27,792	92,925
PUERTO RICO	162	0	157	322	0	20	0	10	436
SOUTH CAROLINA	3,469	631	95,298	20,424	11,608	21,596	2,655	6,772	52,509
SOUTH DAKOTA	8,086	6,647	729,179	198,449	227,278	86,849	4,091	39,033	175,347
TENNESSEE	6,639	952	123,936	27,757	22,530	25,547	1,198	2,022	66,099
TEXAS	35,874	9,396	2,062,747	1,011,046	529,171	191,268	1,329	3,557	116,354
UTAH	0	0	143,537	41,220	6,122	8,542	1	20	3,532
VERMONT	0	0	160	8	56	0	9	27	1,345
VIRGINIA	974	134	22,833	6,556	4,872	1,843	971	1,446	23,997
WASHINGTON	3,641	9,389	225,417	536,879	196,636	193,188	4,963	29,401	194,231
WEST VIRGINIA	0	0	503	49	292	0	28	8	1,832
WISCONSIN	28,116	7,068	192,211	123,852	61,478	57,945	2,419	18,036	129,981
WYOMING	666	0	197,379	47,505	29,830	387	184	376	4,692

1/ State in which land is located.
Note: Contacts expire at the end of the fiscal year (September 30th).

CONSERVATION PRACTICES INSTALLED ON CRP ACREAGE
----BY SIGN-UP TYPE, AS OF JUNE 2005 (ACRES)----

	PRACTICE	GENERAL SIGN-UP	CONTIN. CREP	CONTIN. NON-CREP 1/	FARMABLE WETLAND	TOTAL
CP1	NEW INTROD. GRASSES AND LEGUMES	3,275,549	114,543	72,006	0	3,462,099
CP2	NEW NATIVE GRASSES	6,485,510	68,615	19,796	0	6,573,922
CP03	NEW SOFTWOOD TREES (NOT LONGLEAF)	430,473	361	319	0	431,153
CP03A	NEW LONGLEAF PINES	186,611	0	0	0	186,611
CP03A	NEW HARDWOOD TREES	528,008	8,441	885	0	537,334
CP4	PERMANENT WILDLIFE HABITAT	2,331,945	39,109	3,066	0	2,374,121
CP5	FIELD WINDBREAKS	830	2,919	73,433	0	77,183
CP6	DIVERSIONS	836	7	0	0	843
CP7	EROSION CONTROL STRUCTURES	578	1	0	0	579
CP8	GRASS WATERWAYS	1,083	605	110,059	0	111,748
CP9	SHALLOW WATER AREAS FOR WILDLIFE	1,943	2,284	46,582	0	50,809
CP10	EXISTING GRASSES AND LEGUMES 2/	15,163,636	12,071	37,717	0	15,213,424
CP11	EXISTING TREES	1,102,210	357	0	0	1,102,567
CP12	WILDLIFE FOOD PLOTS	76,276	1,778	0	0	78,055
CP13	VEGETATIVE FILTER STRIPS	29,439	0	0	0	29,439
CP15	CONTOUR GRASS STRIPS	36	116	78,899	0	79,051
CP16	SHELTERBELTS	364	385	29,772	0	30,521
CP17	LIVING SNOW FENCES	2	0	4,382	0	4,384
CP18	SALINITY REDUCING VEGETATION	0	0	295,569	0	295,569
CP19	ALLEY CROPPING	52	0	0	0	52
CP20	ALTERNATIVE PERENNIALS	23	0	0	0	23
CP21	FILTER STRIPS (GRASS)	0	131,594	848,152	0	979,746
CP22	RIPARIAN BUFFERS	0	150,450	567,692	0	718,142
CP23	WETLAND RESTORATION	1,568,312	88,463	0	0	1,656,775
CP23	WETLAND REST. (FLOODPLAIN)	0	3,698	69,662	0	73,361
CP23A	WETLAND REST. (NON-FLOODPLAIN)	0	1,034	7,305	0	8,340
CP24	CROSS WIND TRAP STRIPS	0	38	655	0	693
CP25	RARE AND DECLINING HABITAT	701,806	38,261	0	0	740,067
CP26	SEDIMENT RETENTION	0	6	0	0	6
CP27	FARMABLE WETLAND PILOT (WETLAND)	0	0	0	37,779	37,779
CP28	FARMABLE WETLAND PILOT (UPLAND)	0	0	0	92,128	92,128
CP29	WILDLIFE HABITAT BUFFER (MARG PAST)	0	2,860	15,417	0	18,277
CP30	WETLAND BUFFER (MARG PAST)	0	205	12,138	0	12,343
CP31	BOTTOMLAND HARDWOOD	0	58	10,961	0	11,018
CP32	---------	1,320	0	0	0	1,320
CP33	UPLAND BIRD HABITAT BUFFERS	0	75	48,278	0	48,354
	UNSPECIFIED	-21	591	88	0	658
TOTAL		31,886,826	668,927	2,352,836	129,907	35,038,496

Note: Not including 650 acres in contracts with invalid expiration year (before 2005).

1/ Includes 164,045 acres in designated wellhead protection areas.
2/ Includes both introduced grasses, legumes, and native grasses.

For more information about this summary, contact Alex Barbarika at 202-720-7093 or at Alexander.Barbarika@usda.gov.This and prior monthly and annual summaries are posted at http://www.fsa.usda.gov/dafp/cepd/crp_statistics.htm.

CONSERVATION PRACTICES INSTALLED ON CRP ACREAGE AS OF JUNE 2005

STATE	NEW GRASS PLANTINGS		NEW TREE PLANTINGS			WILDLIFE HABITAT (CP4) 1/	FIELD WINDBREAKS (CP5)	DIVERSIONS & EROSION CNTR. STRUCT. (CP6&CP7)
	INTROD. (CP1)	NATIVE (CP2)	SOFTWOODS (CP3)	LONGLEAF PINE (CP3A)	HARDWOODS (CP3A)			
ALABAMA	4,979	3,714	80,246	44,303	17,098	10,737	0	0
ALASKA	5,746	0	0	0	0	11	0	0
ARKANSAS	3,201	3,082	8,689	0	32,645	3,004	0	2
CALIFORNIA	4,588	1,585	10	0	59	766	0	0
COLORADO	47,856	609,911	87	0	48	266,785	1,357	226
CONNECTICUT	70	34	0	0	0	0	0	0
DELAWARE	53	23	5	0	3,122	2,087	0	0
FLORIDA	284	151	12,571	11,106	944	3,396	0	0
GEORGIA	572	390	36,183	121,027	5,013	6,589	0	8
IDAHO	90,470	21,439	4,580	0	63	133,383	522	4
ILLINOIS	180,809	40,204	1,072	0	51,753	127,012	2,524	45
INDIANA	38,018	28,668	773	0	19,895	14,181	2,191	5
IOWA	295,412	146,960	390	0	16,440	318,930	6,055	23
KANSAS	17,774	810,321	133	0	601	16,074	1,612	64
KENTUCKY	89,079	39,501	439	0	5,960	774	8	5
LOUISIANA	142	2,428	20,331	261	114,423	788	0	7
MAINE	1,692	112	246	0	1	918	0	0
MARYLAND	11,927	3,638	594	0	660	2,164	0	7
MASSACHUSETTS	0	0	0	0	0	0	0	0
MICHIGAN	34,265	19,562	4,965	0	4,446	25,928	1,930	14
MINNESOTA	244,254	134,869	9,035	0	26,803	347,043	8,834	0
MISSISSIPPI	5,811	464	177,177	298	119,358	8,241	0	4
MISSOURI	369,759	185,339	548	0	21,827	6,484	114	752
MONTANA	706,788	828,715	117	0	91	33,700	427	0
NEBRASKA	46,253	360,784	813	0	1,114	47,848	26,742	10
NEW HAMPSHIRE	10	0	0	0	0	0	0	0
NEW JERSEY	1,135	366	16	0	50	23	8	5
NEW MEXICO	1,450	181,995	80	0	0	0	0	0
NEW YORK	5,872	851	631	0	878	561	13	1
NORTH CAROLINA	2,341	1,635	7,677	9,577	1,119	2,952	22	0
NORTH DAKOTA	407,693	65,221	92	0	322	563,267	4,368	1
OHIO	25,646	31,496	1,407	0	7,277	44,146	2,241	0
OKLAHOMA	19,161	392,687	25	0	655	3,289	44	79
OREGON	110,611	58,754	2,023	0	76	12,612	4	0
PENNSYLVANIA	88,150	29,129	304	0	1,146	3,079	4	9
PUERTO RICO	108	0	0	0	91	0	0	0
SOUTH CAROLINA	675	107	30,486	0	21,025	9,374	79	0
SOUTH DAKOTA	165,499	229,239	592	40	69	89,486	17,584	0
TENNESSEE	31,524	42,362	14,047	0	3,625	9,124	0	3
TEXAS	109,990	1,634,442	2,120	0	1,338	37,801	43	0
UTAH	57,988	14,951	0	0	0	774	5	0
VERMONT	0	0	0	0	0	0	5	0
VIRGINIA	4,184	2,710	4,590	0	262	1,142	3	0
WASHINGTON	125,707	582,486	1,290	0	33	182,204	16	0
WEST VIRGINIA	10	22	119	0	8	0	0	0
WISCONSIN	47,623	55,995	6,638	0	56,993	10,579	242	3
WYOMING	56,919	7,549	12	0	0	26,715	187	146
UNDESIGNATED	0	33	0	0	0	151	0	0
TOTAL	3,462,099	6,573,922	431,153	186,611	537,334	2,374,121	77,183	1,422

1/ Plantings meeting multiple seasonal (e.g., nesting cover, winter cover) requirements for wildlife of local or regional concern.

CONSERVATION PRACTICES INSTALLED ON CRP ACREAGE AS OF JUNE 2005, CON'T

STATE	GRASS WATERWAYS (CP8)	SHALLOW WATER FOR WILDLIFE (CP9)	EXISTING GRASS (CP10)	EXISTING TREES (CP11)	WILDLIFE FOOD PLOTS (CP12)	CONTOUR GRASS STRIPS (CP15)	SHELTER-BELTS (CP16)	LIVING SNOW FENCES (CP17)
ALABAMA	47	162	116,179	177,930	1,673	183	0	0
ALASKA	1	5	23,543	0	20	0	0	0
ARKANSAS	23	957	27,487	57,055	497	0	0	0
CALIFORNIA	0	139	126,769	50	86	0	0	0
COLORADO	987	46	1,373,721	233	989	444	4,027	37
CONNECTICUT	0	0	131	0	0	0	0	0
DELAWARE	4	417	30	56	36	0	0	0
FLORIDA	0	0	2,170	56,539	158	0	0	0
GEORGIA	85	28	7,250	123,959	1,816	38	0	0
IDAHO	13	85	528,778	2,828	1,103	64	236	73
ILLINOIS	29,036	5,673	251,771	14,553	5,426	2,026	139	38
INDIANA	15,504	1,603	87,343	7,965	1,044	208	27	0
IOWA	30,472	17,332	587,065	7,359	5,690	30,564	1,989	279
KANSAS	7,835	862	1,729,118	1,321	5,455	5,547	610	70
KENTUCKY	3,591	2,898	139,857	1,925	1,386	72	0	0
LOUISIANA	41	674	18,067	40,583	1,696	0	0	0
MAINE	26	0	19,705	722	2	0	0	0
MARYLAND	228	1,267	4,070	587	136	0	0	0
MASSACHUSETTS	1	0	53	0	0	0	0	0
MICHIGAN	886	2,132	101,560	6,718	1,885	16	81	3
MINNESOTA	4,513	968	295,898	20,231	4,830	1,282	3,574	3,006
MISSISSIPPI	61	792	130,671	347,929	4,896	38	0	0
MISSOURI	1,845	2,918	828,862	6,374	3,640	2,232	36	0
MONTANA	97	95	1,514,998	953	2,919	0	260	18
NEBRASKA	1,831	248	581,148	3,140	2,523	583	2,203	145
NEW HAMPSHIRE	0	0	0	0	0	0	0	0
NEW JERSEY	25	3	472	27	10	4	0	0
NEW MEXICO	0	0	406,051	80	38	0	0	0
NEW YORK	76	81	39,137	1,254	72	4	0	
NORTH CAROLINA	149	3,151	18,035	41,339	59	0	13	
ONORTH DAKOTA	128	35	1,380,146	1,573	4,777	0	4,036	323
OHIO	7,378	892	96,349	5,635	942	18	92	3
OKLAHOMA	316	103	593,435	432	1,378	2	37	4
OREGON	73	18	298,348	1,471	195	19	2	0
PENNSYLVANIA	519	81	57,994	574	1,253	133	0	0
PUERTO RICO	0	0	351	121	0	0	0	0
SOUTH CAROLINA	75	2,086	11,254	101,550	1,018	0	0	0
SOUTH DAKOTA	1,192	312	505,030	1,428	8,890	132	13,056	341
TENNESSEE	173	133	138,597	17,240	376	78	0	0
TEXAS	2,229	155	2,119,851	6,403	6,236	251	34	0
UTAH	6	0	128,181	0	32	0	0	0
VERMONT	1	0	116	0	0	0	0	0
VIRGINIA	43	95	13,423	14,195	108	0	0	3
WASHINGTON	489	65	391,137	1,231	894	33,903	9	0
WEST VIRGINIA	0	0	657	9	0	0	0	0
WISCONSIN	1,735	4,298	334,494	28,921	3,731	1,209	26	39
WYOMING	13	0	184,123	73	138	1	33	4
UNDESIGNATED	0	0	0	0	0	0	0	0
TOTAL	111,748	50,809	15,213,424	1,102,567	78,055	79,051	30,521	4,384

CONSERVATION PRACTICES INSTALLED ON CRP ACREAGE AS OF JUNE 2005, CON'T

STATE	SALINITY REDUCING VEGETATION (CP18)	FILTER-STRIPS (CP13 & CP21)	RIPARIAN BUFFERS (CP22)	WETLAND RESTORATION			CROSS WIND TRAP STRIPS (CP24)	RARE AND DECLINING HABITAT (CP25)
				(CP23) 1/	FLOODPLAIN (CP23) 2/	NON-FLOODPLAIN (CP23A) 2/		
ALABAMA	0	968	28,016	73	17	0	0	510
ALASKA	0	0	185	0	0	0	0	
ORKANSAS	0	5,355	40,140	13,776	4,865	0	0	0
CALIFORNIA	0	0	5,248	5,109	0	0	0	0
COLORADO	138	406	805	1,091	0	0	28	341
CONNECTICUT	0	20	63	0	0	0	0	0
DELAWARE	0	1,402	158	256	59	0	0	0
FLORIDA	0	5	68	0	0	0	0	0
GEORGIA	0	1,235	1,320	320	0	0	0	0
IDAHO	0	1,205	6,933	1,397	0	0	0	0
ILLINOIS	6	147,890	104,285	42,983	2,901	647	0	1,670
INDIANA	1	57,560	4,946	6,145	895	229	0	61
IOWA	1	240,765	62,319	15,846	22,183	1,423	41	43,205
KANSAS	2,272	27,350	4,760	4,011	640	22	188	270,501
KENTUCKY	0	33,891	14,083	35	43	56	0	6,501
LOUISIANA	0	636	4,381	23,534	13,079	457	0	0
MAINE	0	126	199	0	0	0	0	0
MARYLAND	0	40,521	16,787	2,087	107	0	0	0
MASSACHUSETTS	0	62	5	0	0	0	0	0
MICHIGAN	0	43,084	3,129	10,982	1,056	1,443	0	28
MINNESOTA	7,130	155,892	44,107	305,899	19,232	1,399	9	97,978
MISSISSIPPI	0	8,031	133,667	11,264	331	0	0	0
MISSOURI	0	42,638	25,541	3,846	2,348	167	0	56,708
MONTANA	149,089	142	2,455	4,609	0	0	27	157,349
NEBRASKA	1,137	21,065	3,143	14,852	544	0	46	79,070
NEW HAMPSHIRE	0	163	23	0	0	0	0	0
NEW JERSEY	0	138	21	1	0	0	0	0
NEW MEXICO	0	0	7,336	0	0	0	0	0
NEW YORK	0	590	10,405	51	0	0	0	0
NORTH CAROLINA	0	6,923	28,509	1,238	409	0	0	0
NORTH DAKOTA	116,043	8,706	582	769,638	305	900	10	7
OHIO	2	51,600	4,578	3,640	803	134	4	358
OKLAHOMA	9,193	1,034	1,631	1,252	0	165	0	9,118
OREGON	0	2,265	21,302	466	0	0	0	0
PENNSYLVANIA	0	1,865	12,959	323	328	0	0	0
PUERTO RICO	0	0	94	0	0	0	0	0
SOUTH CAROLINA	0	6,357	27,434	284	0	0	0	0
SOUTH DAKOTA	9,112	7,314	3,538	385,505	2,459	1,199	15	3,736
TENNESSEE	0	9,672	5,623	856	0	0	0	0
TEXAS	1,081	1,961	25,021	9,522	10	61	257	0
UTAH	0	12	154	0	0	0	0	0
VERMONT	0	147	1,335	0	0	0	0	0
VIRGINIA	0	4,385	17,927	238	58	0	38	0
WASHINGTON	365	50,250	19,947	3,510	0	0	14	0
WEST VIRGINIA	0	49	1,836	0	0	0	0	0
WISCONSIN	0	25,499	16,304	12,133	691	37	0	12,925
WYOMING	0	9	4,797	0	0	0	17	0
UNDESIGNATED	0	0	41	0	0	0	0	0
TOTAL	295,569	1,009,185	718,142	1,656,775	73,361	8,340	693	740,067

1/ Acres enrolled under general sign-up and CREP through 2003. 2/ Acres enrolled under continuous/CREP sign-up after 2003.

CONSERVATION PRACTICES INSTALLED ON CRP ACREAGE AS OF JUNE 2005, CON'T

STATE	FARMABLE WETLAND PROGRAM		MARGINAL PASTURE BUFFERS		BOTTOMLAND HARDWOOD TREES (CP31)	UPLAND BIRD HABITAT BUFFERS (CP33)	UNSPECI-FIED	TOTAL
	WETLAND (CP27)	BUFFER (CP28)	WILDLIFE (CP29)	WETLAND (CP30)				
ALABAMA	0	0	0	0	202	152	0	487,189
ALASKA	0	0	0	293	0	0	0	29,804
ARKANSAS	0	0	0	0	2,590	440	0	203,807
CALIFORNIA	0	0	0	0	0	0	0	144,408
COLORADO	0	0	130	0	0	0	0	2,309,692
CONNECTICUT	0	0	0	0	0	0	0	318
DELAWARE	0	0	0	0	0	0	0	7,708
FLORIDA	0	0	0	0	0	0	0	87,390
GEORGIA	0	0	0	0	19	302	0	306,152
IDAHO	0	0	137	0	0	0	0	793,312
ILLINOIS	78	120	96	13	1,091	17,619	0	1,031,761
INDIANA	207	423	55	8	616	3,818	28	292,432
IOWA	17,548	44,422	5,909	1,570	455	1,533	60	1,922,401
KANSAS	51	108	19	0	9	8,714	-7	2,916,050
KENTUCKY	0	0	0	0	45	1,926	0	342,077
LOUISIANA	0	0	0	0	2,105	10	0	243,644
MAINE	0	0	0	1	0	0	0	23,750
MARYLAND	0	0	145	4	0	98	0	85,026
MASSACHUSETTS	0	0	0	0	0	0	0	121
MICHIGAN	3	3	0	112	11	18	-0	264,266
MINNESOTA	8,433	20,180	793	3,844	33	0	0	1,770,651
MISSISSIPPI	0	0	23	0	2,148	217	0	951,621
MISSOURI	0	0	232	268	210	2,834	-3	1,565,520
MONTANA	39	70	92	0	0	0	0	3,403,050
NEBRASKA	1,205	2,111	664	65	0	1,201	-6	1,200,484
NEW HAMPSHIRE	0	0	0	0	0	0	0	197
NEW JERSEY	0	0	0	0	0	0	0	2,304
NEW MEXICO	0	0	0	0	0	0	0	597,029
NEW YORK	0	0	645	81	0	0	591	61,792
NORTH CAROLINA	0	0	0	0	2	912	0	126,062
NORTH DAKOTA	3,322	9,177	0	0	0	0	0	3,340,672
OHIO	9	21	92	5	53	1,860	0	286,680
OKLAHOMA	0	0	6	9	42	110	0	1,034,209
OREGON	0	0	5,637	0	0	0	-4	513,872
PENNSYLVANIA	0	0	505	126	1	0	0	198,482
PUERTO RICO	0	0	342	0	0	0	0	1,107
SOUTH CAROLINA	0	0	10	30	0	3,116	-1	214,962
SOUTH DAKOTA	6,872	15,468	810	5,897	0	144	0	1,474,959
TENNESSEE	0	0	8	0	964	2,276	0	276,681
TEXAS	0	0	600	4	422	911	0	3,960,743
UTAH	0	0	65	1	0	0	0	202,170
VERMONT	0	0	0	0	0	0	0	1,605
VIRGINIA	0	0	79	0	0	143	0	63,624
WASHINGTON	0	0	186	0	0	0	0	1,393,736
WEST VIRGINIA	0	0	0	0	0	0	0	2,710
WISCONSIN	11	25	679	13	0	0	0	620,988
WYOMING	0	0	318	0	0	0	0	281,053
UNDESIGNATED	0	0	0	0	0	0	0	225
TOTAL	37,779	92,128	18,277	12,343	11,018	48,354	658	35,038,496

TESTIMONY OF SHERMAN REESE
PRESIDENT, NATIONAL ASSOCIATION OF WHEAT GROWERS
BEFORE THE SENATE SUBCOMMITTEE ON FORESTRY, CONSERVATION AND RURAL REVITALIZATION
US SENATE COMMITTEE ON AGRICULTURE
JULY 27, 2005

MR CHAIRMAN AND MEMBERS OF THE COMMITTEE

MY NAME IS SHERMAN REESE, I AM A WHEAT FARMER FROM EASTERN OREGON AND AM CURRENTLY SERVING AS PRESIDENT OF THE NATIONAL ASSOCIATION OF WHEAT GROWERS.

I APPRECIATE THE OPPORTUNITY TO TESTIFY BEFORE YOU TODAY ON ISSUES INVOLVING THE CONSERVATION RESERVE PROGRAM (CRP), PARTICULARLY THOSE THAT INVOLVE EXPIRING CRP CONTRACTS AND CRP CONTRACT EXTENSIONS.

ALTHOUGH THE CONSERVATION RESERVE PROGRAM WAS FIRST ESTABLISHED BY THE FOOD SECURITY ACT OF 1985 , ITS ROOTS CAN BE TRACED BACK TO THE EARLY EFFORTS AT SOIL AND WATER CONSERVATION DEVELOPED DURING THE DUST BOWL DAYS OF THE 1930'S THROUGH THE SOIL BANKING EFFORTS UNDERTAKEN DURING THE 1950'S. IT IS ONE OF OUR PREMIER CONSERVATION PROGRAMS, THOUGH NOT WITHOUT CONTROVERSY.

CRP IS A VOLUNTARY LONG-TERM CROPLAND DIVERSION PROGRAM THAT OFFERS ECONOMIC INCENTIVES – CONTRACTS PROVIDING RENTAL PAYMENTS AND TECHNICAL ASSISTANCE – TO CONVERT CROPLAND AND OTHER ENVIRONMENTALLY SENSITIVE LANDS TO A CONSERVING USE FOR 10 TO 15 YEARS.

WHEN CRP WAS FIRST AUTHORIZED, THE PRIMARY GOALS WERE TO REDUCE SOIL EROSION AND IMPROVE WATER QUALITY. AND THE FOCUS WAS ON THE HIGHLY ERODIBLE LANDS WHICH MOST CONTRIBUTED TO THOSE PROBLEMS.

AS THE PROGRAM WAS SUBSEQUENTLY RE-AUTHORIZED IN 1990, 1996 AND 2002 ITS CONSERVATION GOALS WERE EXPANDED BEYOND SOIL AND WATER QUALITY, TO INCLUDE WILDLIFE HABITAT, WETLAND PROTECTION AND AIR QUALITY AS WELL.

AND THE PROGRAM ITSELF WAS EXPANDED TO INCLUDE A "CONTINUOUS" SIGN-UP OF SELECTED ACREAGES INTO CERTAIN HIGH PRIORITY CONSERVATION PRACTICES AND THE CONSERVATION RESERVE ENHANCEMENT PROGRAM (CREP), A STATE/FEDERAL PROGRAM

TARGETED TO ADDRESS STATE AND NATIONALLY SIGNIFICANT ENVIRONMENTAL EFFECTS.

ACREAGE ENROLLED IN CRP HAS VARIED THROUGH THE YEARS FROM 33.9 MILLION ACRES IN 1990 TO THE PRESENT ENROLLMENT OF 34.8 MILLION ACRES. THE 2002 FARM BILL CAPPED THE PROGRAM AT 39.2 MILLION ACRES.

AS PREVIOUSLY NOTED BY THE COMMITTEE AND OTHERS, MANY OF THE CONTRACTS ON THIS ENROLLED ACREAGE ARE SET TO EXPIRE BETWEEN 2006 AND 2008 – OVER 22 MILLION ACRES, ROUGHLY AN AREA OVER TWO THIRDS THE SIZE OF IDAHO.

AS PRESIDENT OF THE NATIONAL ASSOCIATION OF WHEAT GROWERS, I WOULD BE REMISS IF I DIDN'T NOTE THE GEOGRAPHICAL DISTRIBUTION OF THE 34.8 MILLION ACRES CURRENTLY ENROLLED AND THOSE ACRES SET TO EXPIRE:

TEXAS HAS THE LARGEST ENROLLMENT OF OVER 3.9 MILLION ACRES WITH 3 MILLION ACRES SET TO EXPIRE BY 2008;

MONTANA IS NEXT WITH 3.4 MILLION ENROLLED AND 2.4 MILLION SET TO EXPIRE;

FOLLOWED BY NORTH DAKOTA WITH 3.3 MILLION ENROLLED AND 2.2 MILLION EXPIRING;

KANSAS WITH 2.3 ACRES ENROLLED AND 2 MILLION EXPIRING;

AND COLORADO WITH 2.3 MILLION ACRES ENROLLED AND 1.7 MILLION ACRES EXPIRING.

[IOWA IS 6TH WITH 1.9 MILLION ACRES ENROLLED AND 894,287 ACRES EXPIRING]

AND FOR THE RECORD, IDAHO HAS 789,538 ACRES ENROLLED WITH 603,651 ACRES EXPIRING (RANKED AS THE 12TH LARGEST CRP ENROLLED STATE.

THESE STATES, WITH THE LARGEST CRP ENROLLMENTS, ARE ALSO WHERE YOU FIND CONCENTRATED PRODUCTION OF CORN, SOYBEANS, COTTON, RICE, GRAIN SORGHUM, BARLEY AND LIVESTOCK. SO MOST MAJOR PRODUCTION AGRICULTURE COMMODITIES ALSO HAVE A STRONG INTEREST IN THE CRP PROGRAM.

BUT I SAID I'D BE REMISS IF I DIDN'T POINT OUT THE GEOGRAPHIC DISTRIBUTION BECAUSE FOUR OUT OF THE FIVE TOP CRP ENROLLED

STATES HAPPEN TO BE OUR TOP WHEAT PRODUCING STATES; NORTH DAKOTA, KANSAS, MONTANA AND TEXAS WITH A HANDFUL OF OTHERS NOT FAR BEHIND BOTH IN CRP ENROLLMENT AND IN WHEAT PRODUCTION.

SO WE HAVE AN UNUSUALLY HIGH INTEREST IN THE CRP PROGRAM AND ITS FUTURE ADMINISTRATION.

THE LARGE AMOUNT OF EXPIRING CONTRACT ACREAGE PRESENTS A NEAR TERM PROBLEM THAT THE COMMITTEE AND THE ADMINISTRATION HAS CORRECTLY FOCUSED ON.

FIRST, I APPRECIATE THE FARM SERVICE AGENCY'S RECENT ANNOUNCEMENT THAT PRODUCERS WITH CRP CONTRACTS SET TO EXPIRE THIS YEAR MAY EXTEND THEIR CONTRACTS FOR ONE YEAR. THIS WILL APPLY TO ABOUT 437,000 ACRES.

WE WOULD SUPPORT THE CONTINUED USE OF SHORT TERM CONTRACT EXTENSIONS TO EASE THE ADMINISTRATIVE BURDENS OF PROCESSING A LARGE VOLUME OF CONTRACT EXPIRATIONS IN ANY GIVEN YEAR. THESE SHOULD BE STAGGERED THROUGH EXTENSIONS RANGING FROM ONE TO FIVE YEARS WITH LONGER EXTENSIONS FOR LANDS WITH HIGHER ENVIRONMENTAL BENEFITS INDEX (EBI) RANKINGS.

WE WOULD DISCOURAGE THE USE OF EARLY OR AUTOMATIC RE-ENROLLMENTS AND WOULD STRONGLY SUGGEST THAT ANY ACREAGE RE-ENROLLED BE ADMINISTERED THROUGH THE COMPETITIVE BID SYSTEM.

WE WOULD ALSO ENCOURAGE THE APPLICATION OF REVISED RENTAL RATES TO ALL FULL TERM RE-ENROLLMENTS TO ENSURE THAT PAYMENT RATES ARE UP TO DATE AND REFLECT ACTUAL LOCAL LAND RENTAL MARKET CONDITIONS.

FOR ACREAGE THAT IS NOT RE-ENROLLED AND IS PUT BACK INTO PRODUCTION, WE WOULD URGE USDA TO RESTORE CROP BASE ACRES THAT WERE LOST WHEN THE LAND WAS INITIALLY ENROLLED INTO CRP. NEARLY 30% OF FARM PROGRAM BASE ACRES CURRENTLY ENROLLED IN CRP ARE WHEAT BASE ACRES.

FOR LONGER RANGE FARM BILL POLICY ISSUES, I BELIEVE WE SHOULD LOOK FOR WAYS TO MAKE ADJUSTMENTS IN THE EBI SO THAT CRP IS FOCUSED ON THE MOST ENVIRONMENTALLY SENSITIVE LANDS.

I ALSO BELIEVE WE SHOULD ACKNOWLEDGE THE INTEREST IN UTILIZING CRP FOR COVER VEGETATION THAT HAS A DUAL USE AS BIOMASS

FEEDSTOCK. THERE MAY BE OPPORTUNITIES TO OFFSET CRP PROGRAM COSTS THROUGH THE VALUE DERIVED FROM BIOMASS VEGETATION COVER.

AS I MENTIONED, MONTANA IS ONE OF OUR LARGEST WHEAT PRODUCING STATES AS WELL AS ONE OF THE LARGEST CRP PARTICIPANTS. THE MONTANA GRAIN GROWERS ASSOCIATION RECENTLY COMPLETED A FARM BILL ISSUES SURVEY OF THEIR MEMBERS AND I BELIEVE TWO COMMENTS RECEIVED REGARDING CRP ARE INSTRUCTIVE OF THE DICHOTOMY WITHIN OUR OWN ORGANIZATION AND THE POLICY CHALLENGES AHEAD FOR ALL OF US.

COMMENT #1. "OUR PRESIDENT IS REALLY PUSHING CONSERVATION. WE HAVE ABOUT HALF OUR LAND IN THE CRP AND IF IT WAS NOT FOR IT TO HELP WITH THE EXPENSES FOR OUR OTHER LAND, WE WOULD BE BELLY UP." *McCONE COUNTY*

COMMENT #2. "CRP HAS BEEN THE MOST DEVASTATING PROGRAM FOR RURAL COMMUNITIES EVER DEVISED BY USDA". *RICHLAND COUNTY*

IN CLOSING, MR. CHAIRMAN, I WOULD SUGGEST THAT THE FUNDAMENTAL ISSUE HERE IS ONE OF BALANCE – DETERMINING WHERE WE PLACE THE FULCRUM TO BALANCE EQUALLY IMPORTING COMPETING INTERESTS OF CONSERVATION WITH THE ABILITY TO PRODUCE A CROP THAT ALLOWS THE FARMER TO REMAIN ON THE LAND IN THE FIRST PLACE.

THAT BALANCE WAS ELOQUENTLY AND SIMPLY STATED BY ONE OF THE GREAT CONSERVATION PRESIDENT'S OF THE 20TH CENTURY, THEODORE ROOSEVELT IN 1910:

"I ASK NOTHING OF THIS NATION EXCEPT THAT IT SO BEHAVE AS EACH FARMER HERE BEHAVES WITH REFERENCE TO HIS OWN CHILDREN. THAT FARMER IS A POOR CREATURE WHO SKINS 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"

ALLOW US TO CONTINUE FARMING THE PRODUCTIVE AGRICULTURAL LAND TO SUPPORT OUR FAMILIES AND OUR NATION. AND, IN TURN, CONTINUE TO CREATE OPPORTUNITIES FOR US TO LEAVE THE LAND A LITTLE BETTER THAN WE FOUND IT OURSELVES.

THANK YOU

Testimony

on the Conservation Reserve Program

Before the

Subcommittee on Forestry, Conservation and Rural Revitalization

Senate Committee on Agriculture, Nutrition and Forestry

By Kendell W. Keith, President

National Grain and Feed Association

on Behalf of

National Grain and Feed Association, North American Export Grain Association, National Oilseed Processors Association, National Grain Trade Council, The Fertilizer Institute, National Chicken Council, National Turkey Federation, Agricultural Retailers Association, Independent Bakers Association, Biscuit and Cracker Manufacturers' Association, American Feed Industry Association, The Scoular Company, Louis-Dreyfus Corporation

July 27, 2005

Chairman Crapo and members of the subcommittee. I am Kendell W. Keith, president of the National Grain and Feed Association. The National Grain and Feed Association is a voluntary trade association comprised of 900 companies involved in country elevator operations, feed milling, integrated livestock production, grain processing and exporting operations. Our members handle and process over two-thirds of the grain moving through the commercial marketplace. In this testimony today, I am also representing a wide range of other agri-business organizations that comprise the Alliance for Agricultural Growth and Competitiveness (AAGC). AAGC is comprised of national and state organizations representing a broad cross-section of meat, livestock and poultry production; agricultural input; and grain marketing, handling, processing and exporting interests.

Conservation programs, in particular the Conservation Reserve Program, have assumed an expanded role and become increasingly important in overall farm policy. While an increased focus on conservation has many positive features, it can also become an impediment to growth in the U.S. agricultural sector if not administered properly. This statement pertains primarily to the U.S. Department of Agriculture's current plans to address the large number of acres enrolled under CRP contracts expiring between 2007 and 2009. But a few of our recommendations touch on future legislative matters we believe Congress should address as it considers different approaches to conservation in the next farm bill.

The principal points that we wish to make in this testimony are:

1. The legislated cap of 39.2 million acres is not a mandate, but an absolute maximum for acreage enrollment in the program. Filling the CRP to its legislative mandate with a given allocation of funding does not necessarily equate to maximizing environmental benefits.

2. Automatic long-term extensions or re-enrollments of existing CRP contracts without critical evaluation likely will waste government funds and achieve less-than-optimal environmental results.

3. Long-term commitments that keep land out of active crop production and grazing may hamper economic growth, particularly in traditional agricultural sectors such as livestock and poultry production.

4. CRP enrollment now is focused on Western states, and as such, has contributed to a long-term decline in U.S. wheat acreage. The reduction in bushel output in that region has caused, and will continue to cause, further disinvestments in marketing and transportation services to the production agriculture sector, making the region even less profitable for future grain production.

5. There appears to be excessive focus in the CRP program on wildlife and game bird production for the purpose of subsidizing commercial hunting enterprises, at the expense of achieving more improvements in water quality.

6. USDA's decisions with respect to expiring CRP contracts should not tie Congress' hands in amending the CRP in the next farm bill, nor hamper Congress' ability to reshape the CRP in the context of overall conservation policy that focuses more conservation resources on working farmlands. With biofuel demand for grain growing rapidly and with yield-robbing plant diseases like soybean rust invading the United States, there may well be a need for non-environmentally sensitive farmland to be freed up for production. Congress should have the flexibility to consider a more optimal mix of conservation programs to achieve overall national policy goals.

7. USDA's administration of the CRP program caps on acreage idled in individual counties needs to be reevaluated to ensure that the program does not create excessive local economic distress. There is evidence that this is occurring in some regions.

1. The legislated cap of 39.2 million acres is not a mandate. In the June 3, 2005, ***Federal Register*** notice, USDA states that "(USDA) is committed to full enrollment up to the authorized level of 39.2 million acres." The 39.2-million-acre cap is not a mandate; it simply sets the maximum number of acres established by Congress to be enrolled in the CRP, given funding limitations and other program goals. In our view, if the goal of this program is to maximize environmental benefits, such an unconditional, over-arching commitment to enroll a specified number of acres is misguided. There clearly are tradeoffs in the CRP program between the total number of acres enrolled and a multitude of other factors that need to be managed to maximize environmental benefits. Putting a narrow strip of land along a waterway into the CRP may be considerably more expensive on a per-acre basis than the average CRP acre. But it may provide environmental benefits many times that of enrolling flat land in drier climates We submit that given the multiple goals of the CRP program (to reduce erosion, to protect water quality and to enhance wildlife – all within a finite budget), it is inappropriate to view the legislated maximum acreage cap as a singular policy "goal."

2. Automatic long-term extensions or re-enrollments in the CRP without critical evaluation likely will waste government funds and achieve less-than-optimal environmental results. USDA's June 3, 2005 ***Federal Register*** notice references the large number of acres expiring from the CRP program during the 2007-10 period. The notice further suggests that to alleviate administrative burdens, and to keep enrolled acres at or near the maximum, the administration might consider non-competitive and/or automatic re-enrollments or extensions.

While we acknowledge the administrative burden is real, USDA's Farm Service Agency has proven to be adept in the past of mobilizing to meet the challenge of responding to programmatic needs. Indeed, it did so laudably in implementing the provisions of the

2002 farm law, and it is not unreasonable to expect that the agency can do so again. Every private business also encounters "crunch times" that require extraordinary performance and additional manpower and hours.

We believe there is some logic to offering very short-term extensions, in the one- to two-year range to begin spreading out the expiration dates of the CRP contracts so that we do not make short-term decisions that have long-term implications. However, automatic long-term extensions or reenrollments, in the name of easing administrative burdens, would be a very troubling development. Some of the CRP land includes whole farms, and extensive land tracts that have been enrolled for the entire existence of the program – more than 15 years. And many of these lands were enrolled under much less stringent environmental criteria – and at much higher rental rates – than exist today. Is it good policy to automatically reenroll such land? Or should other landowners with environmentally sensitive ground that have not participated previously be given at least equal opportunity to participate? Is it good policy for the government to pay rent for such idled land for three decades without a periodic, thorough review of the environmental benefits of individual plots that are enrolled in the program? Is it good policy to simply rely on idling large tracts of land as a conservation policy, or are there other conservation programs that could accomplish many of the same goals without completely removing the land from active farming? For these reasons, we think the CRP enrollments during the 2007-10 period need to be subjected to a competitive bidding process and be very selective judged on the basis of environmental benefits. Further, we believe USDA should consider how some partial fields might replace whole-farm enrollments with a goal of achieving the maximum environmental benefits per acre at the most reasonable taxpayer expense.

3. **Long term commitments for keeping land out of active crop production and grazing may hamper growth, particularly of traditional agricultural sectors, such as livestock and poultry production.** Corn used for ethanol production now represents 14% of the U.S. corn supply. Plans for constructing new ethanol plants seem to be announced daily, and Congress currently is considering an energy bill that could mandate an 8 billion gallon renewable fuels standard. As soybean rust invades the United States, there is concern as to how this new factor will affect per-acre productivity in soybeans. And the U.S. wheat industry has clearly already been squeezed by the concentration of CRP acres in Western states. Wheat acreage has shrunk by more than 10 million acres in the last seven years. Land-use patterns, with the expansion of development in urban areas and other factors, are causing some shrinkage in total lands available to agriculture. Total CRP and land planted to major crops declined from 275 million acres in 1997 to 266 million acres in 2004. If the United States ultimately does not have the land base to stay internationally competitive in the major grains and oilseeds, other related industries, such as livestock and poultry which traditionally consume 50% to 60% of U.S. corn production, and the vast majority of soybean meal will have a very difficult time growing and competing internationally. Given this economic setting, we conclude that signing up the maximum number of acres in the CRP program and locking them away for 10 years might prove to be a very short-sighted, detrimental policy, and directly at odds with a U.S. policy intended to facilitate growth in the traditional agricultural sector.

4. The CRP is concentrated in Western states, contributing to a long-term decline in wheat acreage and disinvestments in marketing and transportation infrastructure. Class I railroads continue to abandon miles of track in regions where CRP is concentrated – the Dakotas, Idaho, Montana and the state of Washington. As bushels of grain available for hauling become scarcer, track maintenance for every branch rail line becomes less feasible. The Red River Valley & Western Railroad, a regional railroad in North Dakota, submitted a letter to the NGFA explaining that two branch lines in that state had been abandoned in areas that had a high concentration of CRP ground (a copy of that letter is attached). Loss of such infrastructure means that it becomes more expensive to move the remaining grain to market, effectively lowering market prices on the remaining grain that is produced. And rail lines, once abandoned, are rarely rebuilt. Idling large tracts of productive farmland for extended periods is not good policy for encouraging supporting businesses to maintain investments. The marketplace will not keep blindly pouring money into maintaining marketing infrastructure in the hope that some day the government's land-idling payments will stop, permitting active farming to resume once again.

5. There appears to be excessive focus in the CRP program on wildlife and game bird production at the expense of achieving more improvements in water quality. The three major goals of the CRP program are erosion control, wildlife and water quality enhancement. Yet, USDA estimates that water quality improvements represent only 8% of the non-market benefits of the CRP program. We think this is clear evidence that additional emphasis needs to be placed on water-quality improvement. This means more emphasis on stream buffers. It also means that rather than automatically enrolling whole farms and large land tracts, the government needs to evaluate whether enrollment of only a partial field could contribute substantially to water quality, thus saving government money for other enrollments that could contribute to water-quality enhancement. Another challenge in addressing water quality is that in counties that already have a maximum number of acres enrolled because so many whole farms were taken out of production, USDA is prevented from enrolling stream banks and making other contributions to water quality because of the 25% limit on per-county enrollment. In general, the need for greater emphasis on water quality means that there should be less emphasis on whole-farm enrollments, in particular where the land creates few concerns about run-off into streams or underground water supplies.

6. Administration of the CRP program should not limit Congress' discretion to amend the program in the next farm bill. As already noted in point #3, because of the rapidly growing bio-fuel sector, and yield-robbing production threats like soybean rust that defy accurate impact assessment at this stage, traditional U.S. agricultural sectors like livestock, poultry, grain processing and exporting face considerable uncertainty regarding long-term supplies of whole grain feed stocks. Because of this consideration, and the fact that technology advancements now permit more effective conserving uses to be implemented on land that remains in active farming, we think that Congress should have as much flexibility as possible to determine the future direction of the CRP program, as well as the context of the CRP within overall conservation programs.

Excessive early reenrollments and automatic extensions by USDA could restrict the options available to Congress in the next farm bill to fully evaluate and consider a more optimal mix of conservation programs. CRP idles productive farmland. Can we spend some of the funds now used in CRP for conservation on working lands, and thereby maintain the productivity of the traditional rural economy? Should more of the available conservation program dollars be invested in programs like EQIP that have a real focus on water quality? Should CRP be less concentrated in Western states where the bulk of CRP ground is today? Should the overall acreage cap be reduced given the challenges we face in producing grain for both new and traditional uses? All of these very significant issues need to be investigated by Congress in the next farm legislation.

7. **The administration of the program with regard to the 25% cap on acreage in any given county needs to be thoroughly evaluated as to whether performance conforms with intentions of Congress.** It appears that because outdated data on cropland is being used to determine the per-county cap acreage, the total acreage being removed from production far exceeds 25% of a modern-day "normal cultivated acreage" (in the absence of a CRP program) for a given county. [Two examples of this are presented in the appendix. Harmon County, OK has 51,000 acres in the CRP, but only harvests 84,000 acres of cropland. Ellis County, OK has 63,000 acres in the CRP with current plantings of crops of 97,000 acres. Both of these examples suggest the 25% cap, as being administered by USDA, has not successfully limited the potential economic damage to rural areas.] In addition, as noted previously, because so many counties already have reached the 25% limit as now being administered, USDA is being prevented from enrolling valuable filter strips in such counties that could contribute meaningfully to water-quality objectives. This is another important reason not to rush to judgment on reenrollments of existing CRP acreage.

Conclusion

The economic damage caused by heavy acreage idling is real. Several letters testifying to local market impacts are included in the appendix. From Idaho, the local co-op manager in Moscow, as he was resigning from the NGFA for financial reasons, states, "the CRP program is a major reason for the downfall of our company. Over 45,000 acres in our service area are now in CRP." From the state of Washington, the elevator manager from Lind, in Adams County, says that about one-third of the acres in his marketing area are out of production, much due to CRP. In Lind, WA, the population has dropped nearly 30%. School enrollment has dropped 40%. They've lost two farm equipment dealerships, a bank, an insurance broker and a hardware store. In a neighboring town in the same county, the school has half the enrollment it had 12 years ago.

The CRP program's main financial benefits flow to landowners. But it sometimes is forgotten that the unintended side effects probably do the most economic damage to the producers that many policy makers would most like to help – beginning farmers and tenant farmers trying to earn a reasonable income from active farming. Land values are increased by the CRP, but so are rental values that reduce the profitability of tenant farming. Reducing the farm acreage available to rent means it also is more difficult for

beginning and tenant farmers to put together an efficiently sized production unit that will provide for a reasonable income. USDA's own Beginning Farmer and Rancher Advisory Committee has recommended to the Secretary of Agriculture to "direct ERS, FSA and NRCS to research policy options for the CRP program to enhance beginning farmer and rancher opportunities as the next big wave of CRP contract expirations begin in FY 2006-2008." This recommendation was made in March 2004. We have not seen any USDA statements that reflect whether this proposal has been actively considered by the Department.

We appreciate the opportunity to testify about the Conservation Reserve Program, and would be pleased to respond to questions.

Appendix

I. Letter from Grain Merchandiser in Lind Washington

May 25, 2004
Kendell W. Keith, President
National Grain & Feed Association
kkeith@ngfa.org
Dear Kendell:
Concerning the impact that the CRP Program has had on local economies: All any person would have to do is drive around Lind, Washington for 10 minutes to see the detrimental impact that CRP can have on a community. Half the stores in downtown are closed. A significant number of houses are abandoned. In the immediate vicinity it looks like half the farm ground is idle. Our grain elevator at the Main Office in Lind does not come close to filling up at harvest. We have to truck wheat in from other stations to utilize the storage capacity.
In truth about 200,000 acres in our service area are in CRP. Since it most likely would be dryland summer fallow that amounts to 100,000 acres per year of lost production. At 40 bushels per acre that totals 4,000,000 bushels. 4,000,000 bu. that is not harvested, not stored, not fertilized and not farmed. The farm families needed to farm the 4,000,000 bushels are gone. The people needed to service the equipment are gone. The people needed to handle and market the grain are gone.
As a result of the loss of population, the non-agricultural businesses also are impacted. That's why half of downtown is gone. That's why the businesses that remain are struggling. That's why the local schools have lost 40% of their enrollment and have to partner up with neighboring schools in order the its students to participate in after school activities. That's why the crime rate is higher. And that's why the quality of life is worse.
Sincerely,
Pearson Burke
Grain Merchandiser
Union Elevator & Warehouse Co.

II. Letter from Grain Elevator Manager in Lind, Washington

Dear Kendell:

I believe that our area would be a good example of how devastating the CRP has been to our rural economy.

Our service area covers most of Adams County in Washington State. Although Adams County has 25% of its acreage in CRP, closer to 1/3 of the acres in our service area are now out of production. Adams County has the most acres of any county in the nation in CRP, over 200,000. Within our

service area are two small farm communities. If we look at the changes that have taken place in just the last 10 years since the full effect of CRP has taken hold, it is obvious that CRP has literally destroyed both of these communities. In Lind, where our office is located, the population of the town has dropped nearly 30%. School enrollment has dropped 40%. Businesses that have closed include one of the two farm equipment dealerships, the drugstore, a tavern, a bank, an insurance office, and a hardware store with the remaining one in the process of a close-out sale. Those few businesses still operating are, without exceptions, barely hanging on. In Washtucna, where we have a grain receiving station, the main street, which once was home to a grocery store, drug store, hardware store, and a barbershop is completely empty! The school has 1/2 of the enrollment it had just a dozen years ago. It is our believe that CRP is the only reason that these communities have seen such a total downward spiral. Less acres to farm means less equipment to sell, less money circulating to purchase goods locally, less people to support not only the local economy but to contribute to local programs and activities that are the lifeblood of small communities. What CRP has done to these small towns should not be a surprise to anyone. It was predicted by many once it was known that whole farms would be eligible for CRP enrollment. Our company lost 1/3 of our customers after the first few rounds of CRP enrollment in the early 90's. Our survival has been dependent on enlarging our service area into the irrigated farmland, storing grain for the CCC, and by reducing expenses in any way possible without comprising customer service. The double whammy of losing customers due to CRP and loss of grain storage income because of CCC's liquidation of some of their stocks is not what we would consider equitable and responsible policies from our government. Our own government has done more to hurt rural economies and small town existence than anything else anyone could imagine. We would invite anyone, including those who conducted the USDA's Economic Research Report, to visit our area to see first person what CRP has done to our way of life. Our communities will never recover from the damage done by CRP. To conclude that CRP has not had a long-term impact on jobs, the local economy and local services is not only ludicrous, it puts the validity of the entire report by the USDA's Economic Research Service in question. It would be interesting to know if any of the people conducting this study actually visited any of the areas with the highest CRP acres in person.

Randy Roth
Manager
Union Elevator and Warehouse Co.
Lind, Washington

(Note: Adams County, Washington has 215,000 acres in the CRP. Total harvested cropland is 413,000 (1997 Census of Ag. Total cropland is 808,000.)

V. Letter from Elevator Co-operative Elevator Manager in Moscow, ID

January 20, 2004

(to) National Grain and Feed Association (NGFA)
attn: Randy Gordon

Dear Randy:

The purpose of this letter is to notify NGFA that we will no longer be able to be a member (of the Association) starting in 2004. As I told you in my letter last February, the economic situation with our Company continues to erode. The Board of Directors and I are working toward a merger or sale of the Company within this calendar year. Most likely, it will be a merger with another cooperative.

The $600 minimum dues bill is not a "make or break" expense on its own. But, I am under the directive of the Board of Directors to make sweeping reductions across the board. NGFA has, and will continue to, provide value to the grain industry. I have no doubt about that. This cancellation is not based on the value the Association provides.

USDA's CRP program is a major reason for the downfall of our Company. Over 45,000 acres in our service area is now in CRP and probably will be for the foreseeable future. The impact to our Company as a result of this program is approximately $600,000 annually in lost income. A mini-drought in 2002 and a major drought in 2003 reduced our income on the acres that are still in production. The winter wheat looks really good at this time, and with decent spring and early summer weather, maybe we will do better this year. That remains to be seen.

In closing I want to tell you that I have appreciated the work you and others in the NGFA have done for all of us over the years. I wish the Association good fortune in the future. Please share this letter with Kendell and Todd. Thank you!

Sincerely yours,

Dave Strong
Manager
Latah County Grain Growers, Inc.
Moscow, Idaho

VI. Letter from Red River Valley and Western Railroad Company

May 25, 2004

Dear Mr. Keith:

The Red River Valley & Western Railroad Company (RRV&W) is a 500-mile short line Railroad headquartered in Wahpeton, North Dakota. Our small railroad provides rail service to approximately 60 customers in some of he most rural and agricultural regions of North Dakota. Many of these rural areas have high concentrations of agricultural lands enrolled in the Conservation Reserve Program. These rural areas have lost their rail service due in part to the removal of large volumes of grain from the grain marketing system. Two branch lines have been abandoned in central North Dakota, right in the midst of some of the highest concentrations of CRP in North Dakota. While many factors have undoubtedly contributed to abandonment of these branch lines, loss of these grain volumes is a significant contributor.

Many businesses and the jobs they support are dependent on the volumes of grain produced and moved through the marketing chain. With the advent of the CRP program, and especially in areas with higher proportions of participant acres, the jobs formerly generated by the seed dealers, fertilizer dealers, grain elevators, and other businesses are lost.

The Red River Valley & Western Railroad supports the position of the National Grain and Feed Association in reducing the number of acres in the CRP program through early exit, and an overall change in the use of the CRP program to concentrate on the most environmentally sensitive areas. The RRV&W asks that this be a part of the record with NGFA's presentation before the USDA.

Sincerely,

Dan Zink
Red River Valley & Western Railroad Company

Joint Statement of Statement of the

National Association of Conservation Districts

National Association of State Conservation Agencies

National Conservation District Employees Association

Sustainable Agriculture Coalition

Relative to Oversight of the Conservation Reserve Program

Presented to the

Forestry, Conservation and Rural Revitalization Subcommittee

Senate Agriculture, Nutrition and Forestry Committee

Wednesday, July 27, 2005, 10:00 a.m.

Room 328-A Russell Building

Senators Crapo and Lincoln and members of the subcommittee, I am Krysta Harden, Chief Executive Officer of the National Association of Conservation Districts (NACD). As we move toward the next Farm Bill reauthorization cycle, I want to thank you for this opportunity to appear before the subcommittee and share with you the conservation district perspective on implementation of the conservation title of the 2002 Farm Bill, and in particular, the long-term policy needs for the Conservation Reserve Program. I would like to request that my statement be included as part of the official record of the hearing along with the attached statements previously submitted to the Farm Service Agency by the Sustainable Agriculture Coalition and NACD. Also, please note the attached letter addressing CRP issues that was submitted jointly to FSA on July 19 by nine different organizations.

NACD is the nongovernment organization that represents the nation's 3,000 conservation districts and the more than 16,000 men and women – district officials – who serve on their governing boards. Conservation districts are local units of government established under state laws to carry out natural resource management programs at the local level. Conservation districts, with their 7,800 employees, work closely with USDA and other federal and state agencies, as well as private sector organizations, to provide technical and other assistance to millions of landowners and operators to help them manage and protect the nation's land, water and related resources. Conservation districts provide the linkage for delivering many federal, state and other local natural resource programs at the local level.

It is appropriate that the subcommittee begin its foray into the 2007 reauthorization milieu by examining one of the oldest, largest and most successful Farm Bill conservation programs—the Conservation Reserve Program.

The CRP, with its added enhancements—the Continuous CRP (CCRP) for buffers and other conservation practices, the Conservation Reserve Enhancement Program (CREP) and the specialized signups for bottomland hardwoods and wetlands conservation—has

truly evolved into one of the most successful conservation efforts in our nation's history. The program has been especially successful in dramatically reducing erosion on fragile cropland, improving water quality and in providing critical habitat for wildlife on America's private lands.

Today, as throughout CRP's 20-year history, conservation districts play a significant role in implementing the program by identifying resource concerns, establishing priorities, identifying potential CRP lands and assisting in the development of CRP conservation plans. Under the CRP statute, conservation districts are also the entities that approve the final CRP conservation plans. All this adds up to making the CRP a truly locally led program; and it is critical in the long-term policy guiding implementation of the CRP that it remain so with decisions made as close to the land as possible.

While it is important to look at the CRP long-term policy for 2007 Farm Bill and beyond, a critical juncture looms on the horizon as the new re-authorization occurs: Between September 30, 2007, and 2010, CRP contracts for more than 28.7 million acres are scheduled to expire. That makes it imperative that we begin now to put in place sound policies and administrative procedures to maximize CRP's environmental benefits and reduce its administrative costs by enrolling, re-enrolling and allowing for contract extensions on eligible environmentally sensitive lands.

In doing this, we urge the Department not to make extensive use of automatic re-enrollments as the principal way of managing the technical assistance and administrative workload. Many of the lands enrolled in the CRP are in need of additional conservation planning and treatment if they are to be re-enrolled and thus we question whether automatic re-enrollments would be a big workload savings. Re-enrollments with competition would help to ensure that the most environmentally sensitive lands are retained in the CRP. In addition, a significant portion of the expiring contract acreage will likely be returned to crop production and other uses and this land, too, will need conservation treatment.

We do not support the extensive use of early or automatic re-enrollments. Some of our organizations have proposed allowing very limited automatic early re-enrollments of CRP lands of exceptional environmental value, while others have strongly opposed any automatic or early re-enrollment. We are united, however, in our strong opposition to allowing extensive automatic re-enrollments, and in our strong preference for the combination of targeted, staggered extensions and competitive bidding. We also agree that there are certain categories which should not be extended under any circumstances unless the CRP participant is willing to commit to management or vegetative changes.

As exiting acreage is re-enrolled and/or contracts extended and new acreage is enrolled, conservation districts support maintaining in the CRP long-term policy the balance among soil erosion, water quality, and wildlife as principal benefits sought to be derived from the program. The Farm Bill, as it has been amended, specifically provides for a balance in CRP's environmental goals among those benefits. In addition, conservation districts support weighing the acceptability of extension and re-enrollment offers based upon the likelihood of the producer maintaining existing conservation practices beyond a contract period.

We support in the long term an emphasis on planting native vegetation where new cover is required to be put in place. Although we support the use of planting historically native vegetation, we do not believe it is always wise, necessary or economically practical to require a producer to remove existing non-native vegetation for that purpose, unless the existing vegetation includes invasive species, and additional incentives are provided to assist the landowner with re-vegetation.

We support the continued refinement and use of the Environmental Benefits Index to determine the acceptability of CRP offers. Further, CRP enrollment should continue targeting through the use of the EBI those lands achieving the highest environmental benefit at the most cost-efficient rental payment level. We also believe that the EBI should continue to reflect local and state input. States should have the flexibility to choose from criteria that results in an EBI appropriate to their unique local and state priorities and resource needs. For instance, if soil productivity and soil erosion are major concerns, the EBI should be structured to account for a mix of on-site as well as offsite soil erosion benefits.

Somewhat related to the EBI, there needs to be better monitoring and evaluation of the physical and biological benefits of the various CRP-related programs. For example, we have very incomplete knowledge on the impacts of CRP on at-risk species and habitats, and water quality. Better information can be partially obtained by permanent and continuous support for the Conservation Effects Assessment Program (CEAP) now underway at FSA and NRCS.

We encourage flexibility in the policy to make the CRP more geographically dispersed and useful to producers in all parts of the country. CREP and the CCRP, for example, have broadened the geographic impact of the program somewhat. However, to date these add-ons have not resulted in high sign-up rates, especially in the specialty crop areas in states such as Florida, California, Oregon and Washington. In order to expand participation, rental rates have to be based on fair market value of the landowner's property, including its agricultural rental value. In other words, rental rates need to be adjusted upward to accurately reflect land values in different geographic areas.

In addition, to geographic distribution, conservation districts support the approach used in the CREP through which states identify priorities and provide matching resources to address local and state natural resource issues that also address national conservation priorities. We also support the continuation of the of the acreage set-aside and approach used in the continuous CRP enrollments, including acres eligible under CREP, the FWP, and wetland and bottomland hardwood tree restoration, and other initiatives such as isolated wetland restoration initiative and the northern bobwhite quail habitat initiative.

Inclosing, we applaud leadership in the Senate for their diligence and support in the enactment of S. 2856 last December. This important legislation "fixed" the technical assistance dilemma that had plagued both the CRP and WRP since their re-authorization in 2002. By allowing CRP, and WRP, to pay for their own technical assistance, we'll be assured that the FSA has the resources and the ability to utilize the services of a broad array of partners such as NRCS, state fish and game biologists, local conservation districts, and some non profit organizations' staffs to ensure that adequate technical

assistance is available to meet the full program requirements. It also will allow the Technical Service Provider initiative to more effectively meet some of the workload that is incurred with implementation of CRP.

Finally, the organizations authoring this statement many years experience in implementing and maintaining the CRP as one of the nation's most successful conservation efforts. We strongly encourage the Congress and USDA to fully utilize our capacities to continue its success.

We appreciate the opportunity to provide our views.

TESTIMONY OF JEFFREY W. NELSON
DUCKS UNLIMITED, INC.

REPRESENTING THE VIEWS OF:

ARCHERY TRADE ASSOCIATION, BOWHUNTING PRESERVATION ALLIANCE, DUCKS UNLIMITED, INTERNATIONAL ASSOCIATION OF FISH AND WILDLIFE AGENCIES, IZAAK WALTON LEAGUE OF AMERICA, NATIONAL WILD TURKEY FEDERATION, NORTH AMERICAN GROUSE PARTNERSHIP, PHEASANTS FOREVER, SAFARI CLUB INTERNATIONAL, TEXAS WILDLIFE ASSOCIATION THEODORE ROOSEVELT CONSERVATION PARTNERSHIP, WHITETAILS UNLIMITED, AND WILDLIFE MANAGEMENT INSTITUTE

BEFORE THE:

U.S. SENATE, COMMITTEE ON AGRICULTURE

SUBCOMMITTEE ON FORESTRY, CONSERVATION AND RURAL REVITALIZATION

CONCERNING:
OVERSIGHT HEARING ON THE CONSERVATION RESERVE PROGRAM, A VOLUNTARY CONSERVATION PROGRAM FOR AGRICULTURAL LANDOWNERS

JULY 27, 2005
WASHINGTON, DC

INTRODUCTION

Mr. Chairman, members of the Committee, my name is Jeff Nelson. I am the Director of Ducks Unlimited's (DU) Great Plains Regional Office in Bismarck, North Dakota. I am a professional biologist with training in wetland and waterfowl ecology. I have worked for DU since 1982 in both Canada and the U.S., initially as a research biologist and eventually as Chief Biologist for our organization. I currently lead a staff of about 70 professionals working in eight states including Minnesota, Nebraska, Iowa, Colorado, Wyoming, South Dakota, North Dakota, Nebraska, and Montana.

Ducks Unlimited was founded in 1937 by concerned and farsighted sportsmen and conservationists. It has grown from a handful of people to an organization of over 1,000,000 supporters who now make up the largest wetlands and waterfowl conservation organization in the world. DU has conserved over 11 million acres of wildlife habitat in the U.S., Canada, and Mexico. We pride ourselves on our cooperative work with private landowners, assisting them in meeting their economic and production goals while providing high quality habitat for the wildlife that depend on their land for survival.

I appreciate the opportunity to speak with you today, not only as a representative of Ducks Unlimited, but also on behalf of a group of sportsmen-conservation organizations. These organizations represent a variety of conservation and sporting interests that have come together as users and supporters of critical programs like CRP. The groups that I represent today include Archery Trade Association, Bowhunting Preservation Alliance, Ducks Unlimited, International Association of Fish and Wildlife Agencies, Izaak Walton League of America, National Wild Turkey Federation, North American Grouse Partnership, Pheasants Forever, Safari Club International, Texas Wildlife Association, Theodore Roosevelt Conservation Partnership, Whitetails Unlimited, and Wildlife Management Institute. Collectively, our members and supporters represent a sizable cross-section of our nation's citizenry. We are pleased to have the opportunity to share with the committee our views on the importance of CRP. Indeed, no USDA program in history has done more for landscape-level conservation of soil, water, and wildlife habitat while providing landowners with stable and diversified income than CRP.

Over the past two decades, the Conservation Reserve Program has played an integral role in the economic vitality and general well being of our nation's farmers and ranchers. The increased role and importance of conservation in agriculture, and its role in private lands stewardship, has led to consensus and partnerships among government and private interests including commodity groups, individual producers, livestock organizations, and the wildlife conservation community.

Voluntary, incentive-based conservation provisions like CRP have provided the framework for "win-win" solutions on the farm and across the rural and urban landscapes. Congress recognized the success of and demand for these conservation programs when it passed the 2002 Farm Bill with an 80% increase above the baseline for the conservation title. Specifically, the acreage cap for CRP was increased in an attempt to keep up with producer demand for programs like CRP, where demand is exceeding availability by a 3:1 ratio. This is discussed in further detail in my testimony.

ACCOMPLISHMENTS OF THE CONSERVATION RESERVE PROGRAM (CRP)
Wildlife Benefits Are Proven

The Conservation Reserve Program (CRP) has conserved more of our nation's soil, water, and wildlife than any other program in history. The 2002 Farm Bill increased the acreage cap on CRP from 36.4 to 39.2 million acres, with the clear implication that an additional 2.8 million acres of CRP contracts should be available to producers.

CRP not only reduces erosion, saving taxpayer funds but it also provides habitat for many species of wildlife across the country. It has been especially important where cropland had replaced grassland on marginal soils. Across the plains states of the central U.S., grassland loss continues at alarming rates. In the U.S. Prairie Pothole Region (which includes portions of Minnesota, South Dakota, Iowa, North Dakota, and Montana), 56 million acres (62%) of the original 90 million acres of native grassland have been converted to other land uses. The 4.7 million acres of CRP within this landscape have helped to restore the wildlife, soil, and water quality benefits provided by grassland. However, more grassland restoration through CRP is needed to achieve a level of sustainability of these public benefits.

CRP is a proven, results-oriented conservation program that has accomplished a variety of positive outcomes for wildlife habitat. Science has shown that putting land into CRP has resulted in measurable benefits to wildlife populations in many areas of the country. Here are a few examples of this type of research:

- During 1992-1997, nesting success of five common duck species was 46% higher with CRP on the landscape in the Prairie Pothole Region (PPR) of North Dakota, South Dakota, and Montana compared to a simulated scenario where existing CRP was replaced with cropland (Reynolds et al. 2001). This study concluded that an additional 12.4 million recruits were added to the waterfowl fall flight as a result of CRP from 1992-1997.

- During 1990-1994, nest success of female pheasants in north central Iowa was 40% higher in large blocks of CRP than in smaller, fragmented nesting cover types like roadsides and fence lines (Clark and Bogenschutz 1999). When CRP acreage was enrolled in large fields, pheasant populations were 53% greater compared to no CRP (Clark and Bogenschutz 2001)

- Fall pheasant populations in South Dakota have increased from 1.4 million to 6.1 million because of CRP(Wildlife Management Institute, 2001)

- Based on densities of 12 grassland songbird species in CRP fields compared to adjacent croplands, Johnson and Igl (1995) predicted that populations of at least five of these species would decline statewide in North Dakota by 17% or more if CRP was greatly reduced on the state's landscape.

These studies document the positive impacts of CRP on wildlife populations. Overall, the collection of scientific evidence demonstrates that CRP has been a major contributor to helping many species of waterfowl rebound to record levels following the return of precipitation to the northern prairies in 1993. This impact of CRP on waterfowl populations is further substantiated by comparisons with the Canadian prairies, where waterfowl nesting success and population growth remains low and CRP and other conservation cover programs are lacking. CRP has been a boon to pheasant and white-tailed deer populations throughout the plains states and the Midwest. Non-game grassland birds, one of the fastest declining groups of birds in the country, have also responded positively to the habitat afforded by CRP, staving off declines that could lead to increased listings of threatened and endangered species.

AGRICULTURE PRODUCERS BENEFIT FROM CRP

CRP has helped many farmers diversify their income sources by incorporating grass-based agriculture and recreation-based businesses into their operations. Some have decided to use CRP to help make the transition from cropping to ranching. Hundreds of farmers in the Dakotas and Iowa have restored formerly drained wetlands within their CRP tracts through practice CP-23. Others are using available incentive programs to install grazing systems on expiring CRP. Many are using CRP payments to stabilize their financial situation and to pay off debt. As of May 2003, portions of more than 400,000 farms have enrolled in CRP across the nation. CRP remains very popular in prairie states like Texas, Kansas, Nebraska, and Minnesota, where portions of over 20,000 farms in each of these states have enrolled in CRP. As noted earlier, generally the supply of CRP often falls short of demand by a 3:1 ratio. During the last general signup (Signup 26) this ratio was even higher in several Prairie Pothole states. In Montana only 24% of 2,293 offers were accepted, in North Dakota only 9% of 3,003 offers were accepted, and in South Dakota only 15% of 2,002 offers were accepted. Clearly CRP remains a very popular program among agricultural operators.

U.S. taxpayers are benefiting from cleaner air and improved water quality, because CRP removes greenhouse gases from the atmosphere and reduces soil erosion and nutrient runoff into our waterways. Recovering wildlife populations are enjoyed by sportsmen and wildlife watchers across the nation, generating millions of dollars and jobs for rural economies. Additionally, increasing wildlife populations are helping to diversify income sources for farmers, who are responding to strong demand for fee hunting opportunities by operating hunting-related businesses. Many producers also have opened up the land they have enrolled in CRP to public access for hunting and fishing, thus improving the relationship between landowners, state fish and wildlife agencies and the hunting and fishing public.

THE MYTH OF CRP KILLING RURAL ECONOMIES

One common misconception is that CRP has been causing the population decline of rural America by removing cropland from production. In fact, when one examines the data, it is clear that rural population decline and the decline in the number of farms across the America started decades before CRP ever entered the picture. For example, in North Dakota, the decline in farm numbers started in the 1930's and abated somewhat during the mid-1980's, corresponding with

the introduction of CRP in 1986 (Fig. 1). A similar, long-term trend in declining farm numbers is evident in South Dakota, Louisiana, Kansas, and Indiana (Fig. 2).

In addition, when one looks to prairie Canada where there is no CRP-type program, the same trends of declining farm numbers and rural population decline are evident (Fig. 3). These and other data indicate that factors other than CRP are driving the decline in farm numbers and rural populations.

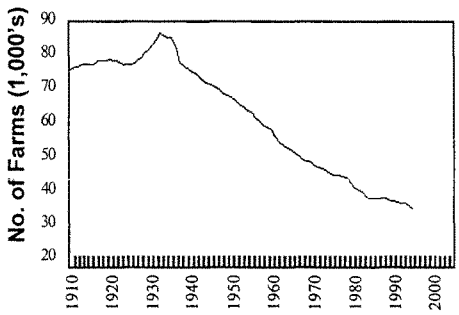


Fig. 1. The number of farms in North Dakota, 1910-97. ***CRP started in 1986***

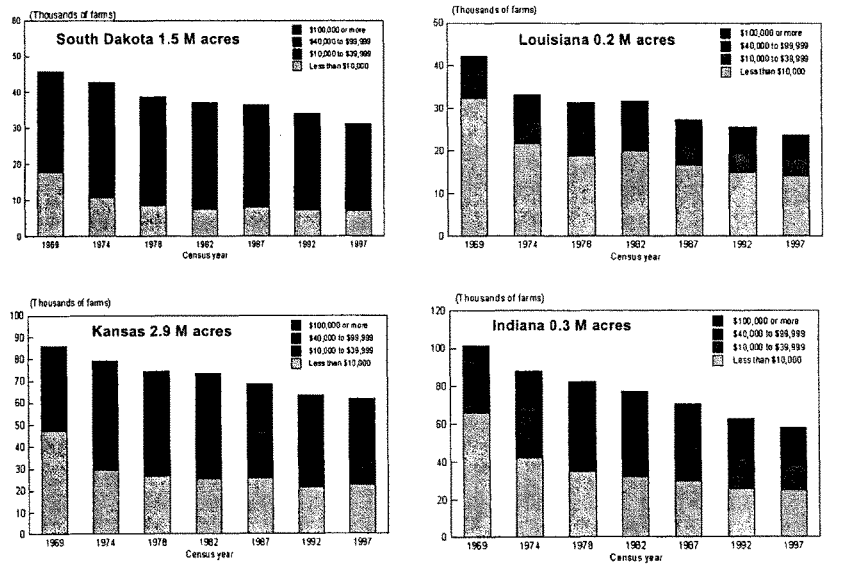


Fig. 2. Trends in farms numbers and size in four, central U.S. states, 1969-97.
Those that blame CRP for rural and farm decline are inaccurate.

Several prominent economists have demonstrated that through the advances in agricultural equipment, crop breeding, and other technology, a farmer can now cultivate many more acres than was possible in the past. These technological developments have allowed the American farmer to compete in the world markets where land and labor cost are much lower. On the other hand, new industries are emerging that are founded on the multiple benefits provided by grasslands, including those restored through CRP. These include nature-based tourism and associated small businesses that accommodate visitors. Thus, instead of CRP being viewed as contributing to the decline of rural America, it holds promise in helping to restore quality natural landscapes around which new and diversified service sector and small business jobs can be based.

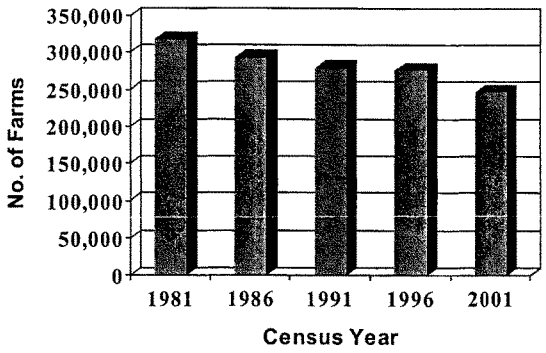


Fig. 3. Trends in the number of farms in Canada, 1981-2001. *Where no CRP exists*

CRP AT ITS FINEST: THE U.S. PRAIRIE POTHOLE REGION

Nowhere has CRP provided more obvious benefits than the U.S. Prairie Pothole Region (PPR). Most of the 4.7 million acres of CRP in the PPR is enrolled in large blocks of grassland that protect highly erodible soils, filter runoff, recharge aquifers, and provide ample habitat for grassland wildlife. Participants typically enroll a portion of their farm in CRP, which helps them to diversify their operations, stabilize their income, and develop new sources of revenue. Ducks that are captured and banded in the U.S. Prairie Pothole Region are recovered by hunters from almost

Fig. 4. Band recovery locations (yellow dots) of ducks produced in the U.S. Prairie Pothole Region.

every state in the U.S. (Fig. 4). These hunters, along with countless wildlife viewers, are benefited by the additional 2 million ducks per year that are produced because of CRP.

CRP CONTRACTS ARE NEARING AN END

In 2007, over 16 million acres of CRP contracts terminate their enrollment (Fig. 5), with an additional 6 million acres expiring the following year. CRP should continue as USDA's flagship conservation program, and be reauthorized with a focus on enhancing and expanding the existing CRP "wildlife legacy". Given all of the benefits of CRP to producers, the environment, and the American public, we cannot afford the loss of CRP authorization in the next Farm Bill. Such a loss would negate many of the documented wildlife and other environmental benefits that resulted from CRP over the past 20 years.

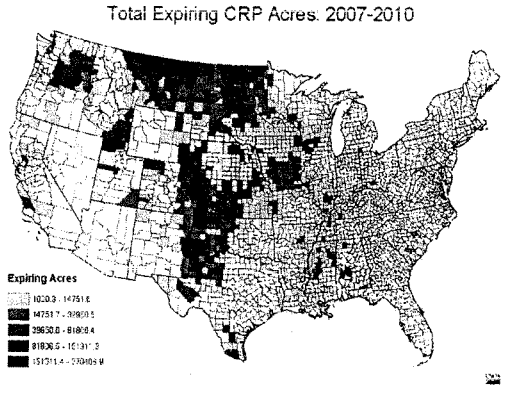


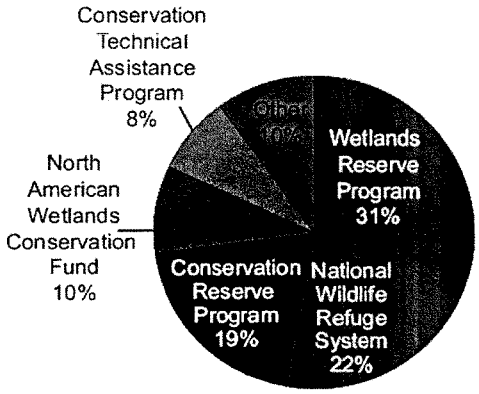
Fig. 5. Acres of CRP expiring during 2007-2010.

Management of CRP grasslands can be an important tool to maintain and enhance wildlife productivity throughout the contract period. Provisions for managed haying and grazing, mid-contract management, and the setting of primary nesting/brood-rearing seasons should allow for regional variations and be driven by a goal of protecting and enhancing resource benefits. In some regions of the country, more frequent disturbance of CRP may be necessary (e.g. every two or three years in much of the South and East), while over much of the northern and southern plains management may only be needed once or twice during a ten-year contract. We recognize that much of the CRP "wildlife legacy" can be directly attributed to large blocks of grassland in the upper Midwest, but note that additional efforts are necessary to ensure that this wildlife legacy is shared nationwide, especially in the southeastern section of the country where cover establishment and management on CRP lands has not achieved the expected wildlife benefits.

We support the continued use of the Conservation Reserve Enhancement Program (CREP), and (CCRP), which are valuable tools in providing resource benefits in many areas of the country. As one portion of that we support the USDA's involvement with the Northern Bobwhite Quail Conservation Initiative, and encourage the Department's continued efforts to targeted improvements to bobwhite quail habitat needs.

On April 22, 2004, in celebration of the 35th Earth Day, President Bush announced an aggressive new national goal of moving beyond a policy of "no net loss" of wetlands to an overall increase of wetlands in America over the next five years. Because the lower 48 states in the U.S. have

lost approximately 52% of their original wetlands, this bold new policy will move the nation beyond just stopping overall wetland loss to increasing the vital functions of absorbing floodwaters, improving water quality, buffering coastal erosion, and enhancing wildlife habitat for hundreds of species. Achieving this goal will require cooperation and diligence in protecting further wetland loss though regulatory and disincentive programs, and encouraging wetland gains through incentive programs like the North American Wetlands Conservation Act (NAWCA) and the conservation title of the Farm Bill, in particular the Conservation Reserve Program (CRP) and the Wetlands Reserve Program (WRP).



Proportion of Wetland Acres Anticipated to be Created or Restored by Major Programs in FY 2006 (Conserving America's Wetlands Implementing the President's Goal, April 2005 CEQ report,

CONCLUSION

Recap of proven benefits delivered from CRP

The Conservation Reserve Program is a critical tool for the long-term conservation of soil, water, and wildlife habitat, and also ensures a sound financial base for agriculture. The majority of the wetlands, grasslands, and bottomland forests that originally existed in the U.S. have been lost. Many species of grassland and wetland wildlife continue to decline, many streams and rivers continue to fall below water quality standards, and organic matter continues to be depleted from agriculture soils as a result of cultivation. Unfortunately, given the habitat deficit that existed when the 1985 Conservation Title was initiated, our nation's conservation work is far from complete.

Scientific studies demonstrate that CRP is resulting in measurable positive impacts on our nation's wildlife resources, and that it is not responsible for the decline of rural economies. Yet the funding and available acreage for conservation title programs continues to fall woefully short of demand. In some key areas of the country, almost 70% of farmers who want to enroll in CRP are turned away. Producers and rural communities want more access to programs like CRP. The documented interest in CRP by farmers and ranchers speaks loud and clear. These producers desire a much higher level of conservation program funding and acreage availability than our nation is currently providing to restore their marginal lands to more sustainable uses, diversify

their economic base, and improve environmental conditions on land under their stewardship. Simply put, we are not meeting their demand for assistance with their conservation efforts. These are the people who make up our rural communities, who are working the land, and who are the primary constituents of our nation's Farm Bill. We need to acknowledge these facts and look to better meet the demand for conservation title programs in the future. This can be done while meeting the legitimate needs for supporting the production of our nation's food and fiber. This Subcommittee will play a vital role in ensuring that the conservation needs of America's agricultural producers are met.

It is our view that full implementation the Conservation Reserve Program can provide necessary conservation of soil, water, and wildlife resources, while protecting and enhancing our farmers' ability to produce abundant and safe food supplies. In order for the full benefits of these programs to be realized, funding levels must allow producers access to the program levels authorized by Congress in 2002, and maintained in the 2007 Farm Bill.

The President has met with many of our groups leaders. He spoke of his strong support for wildlife conservation and of our groups' collective efforts at maintaining and enhancing America's wildlife heritage. The President voiced support for voluntary, incentive-based programs such as the Conservation and Wetlands Reserve Programs. He echoed that support in Minnesota where he stated to a group of farmers, ranchers, and sportsmen-conservationists his desire to see the legacy of CRP continue. Ducks Unlimited and the groups we are representing today stand ready to work with Congress and the Administration to continue the CRP legacy. It is our hope that we can work with the members of this Subcommittee as you craft a new generation of farm legislation. We have numerous success stories from across this nation told by America's farmers, ranchers, and sportsmen that document the proven success of CRP. We offer our assistance not only in helping to deliver this program to our nations' farmers and ranchers, but in continuing to make policy improvements that will build upon our success stories.

We would be remiss if we didn't note that representatives of many of our organizations have worked with numerous offices of both the Farm Service Agency and the Natural Resources Conservation Service. While we don't always agree on solutions to issues, we believe that continuing dialogue is critical to maximizing program implementation for resource benefits, and we acknowledge and thank our colleagues in these agencies for their willingness to listen and work with us.

Thank you for the opportunity to provide comments as you deliberate the role and future of conservation programs like CRP. I hope we have made the case that maintaining the Conservation Reserve Program is integral to a successful and balanced farm policy. The long-term health of our country and its citizens requires a thoughtful balance between commodity production and conservation of our natural resources. We can lead the world in agriculture production while we maintain and improve our environment at the same time. The road to successfully achieving those goals starts with this Subcommittee.

Please do not hesitate to call upon us for any reason regarding these important issues. I would be happy to answer any questions you have.

TESTIMONY BEFORE THE SENATE COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY, SUBCOMMITTEE ON FORESTRY, CONSERVATION AND RURAL REVITALIZATION

CONSERVATION RESERVE PROGRAM

By Dan Forster, Director
Georgia Department of Natural Resources Wildlife Resources Division
July 27, 2005

Introduction

Thank you, Mr. Chairman. I am Dan Forster, Director of the Georgia Department of Natural Resources, Wildlife Resources Division (WRD). In this capacity I also serve as Northern Bobwhite Conservation Initiative (NBCI) Committee Chair for the Directors of the Southeastern Association of Fish and Wildlife Agencies, and as Vice Chair of the International Association of Fish and Wildlife Agencies Agricultural Conservation Committee. My comments today will generally reflect the views of these organizations.

The Conservation Reserve Program (CRP) is arguably the single-most effective conservation program ever developed for agricultural lands. It has made great strides toward meeting the mandate of reducing soil erosion, improving water quality, and enhancing wildlife habitat on working farms. It has helped sustain the family farm and has provided much needed economic infusions into rural economies. In addition to direct landowner payments, in regions of the country where the CRP has boosted wildlife populations, the program has indirectly generated billions of dollars through the increased economic expenditures associated with hunting and other wildlife associated recreation.

My comments today focus on the wildlife conservation aspects of the CRP. In this regard the CRP has improved wildlife habitat and wildlife populations on individual farms and at the landscape scale, particularly in certain regions. For example, in the Midwest and Northern Great Plains, the CRP has been a bonanza for waterfowl, pheasants and a host of grassland songbirds. Across these landscapes populations of many wildlife species have greatly increased, and for some species, population declines reversed. In fact this year the U.S. Fish and Wildlife Service estimate of the breeding population for ducks is 24 percent higher than the estimate in 1985, and much of this increase can be attributed to CRP. Wildlife conservationists at large applaud the U. S. Department of Agriculture (USDA) for the success of the CRP.

Unfortunately, the CRP has not been nearly as positive for wildlife in the Southern U. S., and across this region the program can best be described as one of "still to be realized potential." That having been said, I want to further emphasize that overall the CRP is a program that America needs for the environmental and economic welfare of present and future generations. It has many positive attributes and merely needs adjusting, particularly in the South, to reach its full potential relative to achieving the mandate of equal emphasis on soil, water and wildlife. The following comments are offered in the spirit of maintaining the positive aspects of the CRP, while strengthening the program in areas relative to wildlife conservation.

Re-authorize CRP in Next Farm Bill

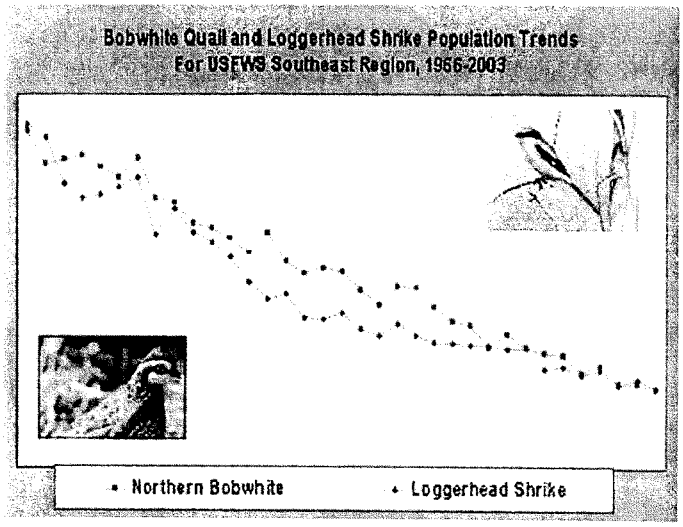
I recommend that CRP be maintained in the next Farm Bill at a minimum enrollment of the current level of 39 million acres; and if possible expanded to 45 million acres. One of the CRP's great strengths is its ability to improve habitat on the landscape scale. Research continues to show the importance of having large blocks of suitable habitat to support and increase populations of many wildlife species that are in jeopardy. As landscapes are increasingly fragmented, due to land use changes associated with intensive forestry, agriculture, and human population growth, this aspect of the CRP will become even more significant, not only for wildlife but for water quality and other resources as well.

Link CRP to National and State Wildlife Initiatives

In recent decades the wildlife profession has realized the biological, sociological and political importance of national and regional planning with respect to managing wildlife populations. A number of major initiatives now exist that set national, regional, and in certain cases, state habitat and population goals for various wildlife species. Examples of these initiatives include the North American Waterfowl Management Plan, the Sage Grouse and Prairie Grouse Conservation Plans, the North American Landbird Conservation Plan, the State Comprehensive Wildlife Conservation Strategies and the Northern Bobwhite Conservation Initiative (NBCI). The CRP should be linked with these major initiatives, and this can be accomplished by modifying the Environmental Benefits Index.

The Southeast Quail Study Group (SEQSG), under direction of the SEAFWA Directors in March 2002, published the NBCI. NBCI is a 22-state initiative that is particularly important to SEAFWA states, southern wildlife conservationists and the public at large, in that it provides a roadmap for recovery of one of the South's most cherished birds, the Northern Bobwhite. Bobwhites were once very abundant across family farms and forestlands from the Midwest to the deep South. Unfortunately today bobwhites, along with at least 10 other grassland/shrub songbird species, are in serious decline. Populations have been declining since the early 1900's but the decline has become much more precipitous since the 1960's (see figure 1 below).

The plan sets bobwhite habitat and population recovery goals that, if achieved, will restore populations to 1980 level. Successful implementation of NBCI will require creating an estimated 2.8 million coveys on approximately 7 percent of 81 million acres of agricultural and forestlands. NBCI and its implementation is currently being expanded beyond the 16 southeastern states to include all 35 states that were once included in the historic range of the bird.



(Fig. 1) The CRP offers hope for increasing populations of bobwhites and other grass-land-shrub species, like the loggerhead shrike, that have declined dramatically as a result of habitat change.

Bobwhites and associated species are declining primarily due to large-scale land use changes associated with the conversion of native grasslands to exotic grass hay fields and closed canopy woodlands; intensive agriculture and monoculture forestry; and urban/suburban sprawl. The CRP is a natural fit with NBCI because bobwhites are dependent on habitats frequently impacted through natural or human induced disturbances. These disturbances, such as prescribed fire, timber thinning, rotational disking and planting, can be used to create and maintain the diversity of native grasses, forbs and shrubs that bobwhites and many other wildlife species require.

The good news is that through research and ongoing management programs, wildlife professionals have proven that it is ecologically and economically feasible to restore bobwhites through the judicial implementation of certain habitat management practices. These practices include establishing native grasses, forbs and shrubs around the edges of commercial crop fields, converting exotic grass pastures and hayfields to native warm season grasses, and practicing ecologically sound forest management.

It was this foundation of knowledge—and collaboration between the SEAFWA SEQSG and the U. S. Department of Agriculture (USDA) Farm Service Agency (FSA)—that led to the recent development of the CRP practice CP33 Habitat Buffers For Upland Birds. Commonly called the Presidential Quail Initiative, because President George W. Bush announced it personally in August 2004, CP33 allocates 250,000 acres in the CRP Continuous Signup across 35 states in

bobwhite range to establish native grass field buffers from 30 feet to 120 feet in width around the perimeter of crop fields. These buffers provide nesting and brood-rearing habitat for bobwhites, a lack of which wildlife biologist say most limits bobwhite populations across their range. Needless to say bobwhite and songbird conservationists are very excited about this practice and view it as an important first step toward achieving NBCI bobwhite recovery goals. Currently, more than 42,000 acres are enrolled into CP33. And while only in its first year, a number of landowners across the CP33 states already are reporting increased sightings of bobwhites and other wildlife.

Missouri landowners are excited about bobwhite reproduction they're witnessing on CP33 enrolled acres. Cass County Private Conservationist Nick Prough and Quail Unlimited Buffer Coordinator Andy Carmack report that farmers in their area are seeing bobwhites in the edge feathering, along the edge of crop fields, and under the tree line, where they hadn't been spotted in years. These same farmers also reported seeing quail in a buffer strip installed just one week before. Another Missouri landowner, who signed up for CP33 last year reported "seeing and hearing more bobwhite quail this spring than he can ever remember." In Georgia, CP33 has received the greatest participation of any of the Continuous CRP practices, and in some states all of the allotted acreage has been utilized.

According to Dr. Wes Burger, wildlife professor and bobwhite research specialist at Mississippi State University, Mr. Jimmy Bryan owner of B-Bryan Farm in Clay County Mississippi is reporting seeing quail broods and coveys in places he hasn't seen birds in years, since establishing field buffers, including CP 33, on his farm. Mr. Bryan has 195 acres of CP 33 buffers on his 1,200-acre farm.

In addition to improving habitat for bobwhites and other wildlife, CP33 will provide many other societal benefits as well by reducing soil erosion and improving water quality. I commend USDA for stepping forward with this practice as a proactive effort to address an ecological problem. Another important and unique aspect of CP33 is the cooperative effort between state wildlife agencies and USDA to monitor the response of bobwhites, songbirds and vegetation to the practice. Monitoring across multiple states will provide verification that CP33 is an environmentally sound use of public funds.

While CP33 is critical to the CRP for wildlife, it alone will not reverse the declines of bobwhites and grassland birds. But, bobwhite and grassland songbird restoration is achievable by improving other practices and aspects of the CRP and combining these with CP33 and other state, federal and private conservation programs to produce a synergistic landscape habitat response. This strategy will help to accomplish NBCI goals.

Twelve Southern states have developed, or are in the process of developing, research and management projects and/or multi-organizational task forces directed at implementing NBCI. In 1999, the Georgia Wildlife Resources Division began a state-funded pilot program in 15 largely agricultural counties called the Georgia Bobwhite Quail Initiative (BQI). This program was in certain aspects modeled after CRP in that it is a voluntary and competitive program with a type of environmental benefits index used to rank landowner habitat practice proposals for the provision of financial incentives. Through technical assistance and financial incentives BQI

promotes the management of native vegetation through establishment of field buffers, field corners, hedgerows, filter strips, and heavy thinning, with frequent prescribed burning of pine stands. Some of these practices are currently offered (for example CP33 field buffers, CP2 native grasses and legumes) and others could be included or required (for example conversion of CP1 and CP10 exotic grasses to native grasses and required heavy thinning and burning of CP11 pine stands) in the CRP for agricultural, range and forestlands.

BQI monitoring of bobwhites and songbirds has shown a positive response to BQI practices. In 2004 monitoring found bobwhite occurrence to be 60 percent higher on treatment fields than control fields. Songbird occurrence also has increased dramatically as determined by researchers at the University of Georgia, who found a 30 percent increase in nine sparrow species the first year after BQI practices were implemented, and three of these species did not even occur on the farm until the first year post-treatment. Additionally, the program is popular with farmers and landowners. Demand for enrollment far exceeds the available funding. A survey of 102 BQI enrolled landowners in December 2004 found that 94 percent rated their program experience as good to excellent, 91 percent said the over all environmental condition of their farm had been improved, 81 percent reported that bobwhite populations had increased on their property, while 82 percent said songbirds had increased. Similar results have been attained in other states.

While BQI and other state-funded efforts are being implemented, they do not have the necessary funding to meet NBCI goals. NBCI can only be achieved by partnering state programs with federal programs like those available in the Farm Bill. The CRP, more than any other federal conservation program, has the potential, although as of yet unrealized, to improve habitat for bobwhites over a broad landscape.

If properly managed, the currently enrolled CRP habitats, specifically the 10.1 million acres enrolled in the CP1, CP10, CP3 and CP11 practices in the 22 NBCI states should support 2.2 million bobwhite coveys. This represents 81 percent of the NBCI bobwhite recovery goal. Thus, the same successes that the CRP is providing for waterfowl, pheasants and other wildlife in the Northern Great Plains and Midwest are possible for bobwhites and grassland birds in the South.

This level of population recovery requires: 1) CP33 (Habitat Buffers For Upland Birds) acreage allotment must be maintained or expanded; 2) Pine stands considered for re-enrollment in CP3 and CP11 must have enhanced ground cover management requirements, especially thinning, frequent prescribed burning and/or mechanical and/or chemical treatments; 3) CP1 and CP10 exotic grass acres must be converted to native warm season grasses; and 4) the Longleaf Pine Conservation Priority Area must be maintained with the longleaf practices included in CRP Continuous Sign-up.
Retain and Emphasize National and State Priority Areas:

Designated priority areas are an important part of the CRP Environmental Benefits Index (EBI) and should be maintained in the program. Of particular importance to bobwhites and numerous other wildlife species in the deep South is the CRP Longleaf Pine Conservation Priority Area (LLCPA).

At the time of European settlement, longleaf pine covered up to 90 million acres. But today it has declined by more than 90 percent to less than 3 million acres. Land use conversion to agriculture and other forest types are the primary factors in the longleaf pine ecosystem decline. Myriad wildlife species are found in the longleaf pine ecoystem, and many species are in decline. In addition to northern bobwhites and a host of high conservation priority songbirds, a number of federally listed endangered and threatened species will benefit from LPE restoration. Listed species that rely heavily on the LPE include red-cockaded woodpeckers, western (LA, MS, and western AL) population of gopher tortoise, the Mississippi gopher frog, the Eastern indigo snake, and the Flatwoods salamander. Additional species that prosper in the longleaf pine ecosystem are declining to the extent that without restoration, they may soon become candidates for listing.

FSA is to be commended for establishing the Longleaf Pine CPA. This designation has resulted in the establishment of more than 200,000 acres of new longleaf pine habitat. The non-profit Longleaf Alliance has submitted a proposal to FSA requesting a CRP Continuous Enrollment Category for high priority longleaf pine enrollments totaling some 350,000 acres in nine southern states. The Southern Group of State Foresters, SEAFWA states, and numerous conservation agencies and organizations have endorsed this proposal, which if approved will: 1) further the success of NBCI; 2) aid threatened and endangered species recovery efforts; and 3) help prevent additional species from being listed.

Stagger Re-enrollments Based On Habitat Quality:

Currently, USDA is facing the tremendous challenge of dealing with some 16 million acres of expiring CRP contracts in the next two years. The challenges are to distribute the workload, while at the same time ensuring an equitable emphasis on soil, water and wildlife. Automatic re-enrollment of all CRP acres will not meet either of these criteria. As previously mentioned, there is a wide range of wildlife habitat quality on existing CRP acres across the nation. For example, in the Northern Plains most CRP lands were planted to diverse grass and legume stands and have received sufficient management to maintain relatively high soil, water and wildlife values through the term of the CRP contract. Conversely, in the East and South millions of the CRP acres are occupied by monocultures of exotic grasses like fescue and closed canopy loblolly or slash pine trees. These sites, while meeting soil and water quality mandates, provide very poor wildlife value. Finally, in all regions there are examples that fall in-between the two extremes, where cover conditions provide moderate values for wildlife but for which management upgrades are feasible and needed to fully meet the CRP requirements.

The workload distribution and the wildlife quality issue can be simultaneously addressed by staggering re-enrollments based on a quality rating in the following categories: 1) automatic re-enrollment of those contracts that fully meet the statutory requirement of equitable emphasis on soil, water and wildlife; 2) contract extensions of one-to-two-years on lands where cover conditions are below the required standard but which can be upgraded through management, then re-enrolled when fully upgraded; and 3) denying contracts that are in monoculture cover and which provide little or no wildlife value, or otherwise require the establishment of the desired wildlife cover conditions prior to re-enrollment and the provision of funding.

Specific to category 3, conversion to native warm season grasses should be required for CRP CP1 and CP 10 acres in fescue, bahia and Bermuda grass monocultures. Exotic grass monocultures provide little or no wildlife value, and in fact are detrimental to many wildlife species. They inhibit mobility of ground-dwelling birds like bobwhite quail and out-compete native food and cover plants. These grasses are so aggressive that it is impossible to upgrade their quality through inter-seeding native plants or rotational disturbance.

Likewise, closed canopy pine stands with sparse groundcover provide little wildlife value. On the positive side suitable ground cover can be restored easily in pine stands through heavy thinning (less than 50 square feet basal area per acre), frequent (2 to 3 year rotation) prescribed burning and/or selective herbicides and/or mechanical disturbance. These are available as CRP mid-contract management practices but must be required if they are to be implemented. This recreates a habitat type known as "pine savannah," which at one time covered tens of millions of acres in the South. To truly benefit bobwhites and grassland birds, thinning must be much heavier than what typically occurs for maximum timber production. However, this should not pose an economic problem to producers with stands enrolled in the CRP, since the annual rental payments more than offset the forgone timber production and the producer still ends up with a valuable commercial forest stand at the end of the CRP contract. In fact, one economic model shows the annualized rate of return for a CRP pine stand at 15 years of age (and prior to any timber harvest) is 24 percent. Currently, there are about 1.6 million acres of pine stands in CRP.

If landowners choose not to upgrade and re-enroll tree plantings, then acreage could be directed to other practices, for example a whole field fallow practice and/or enrollment of field corners and hedgerows that provide the full range of soil, water and wildlife benefits. Additionally, past experience with tree planting on agricultural lands has shown that less than two percent of these acres would be taken out of forest production and put back into crop production even if they were removed from the CRP. Thus, the soil and water benefits will continue to occur without the continued investment of taxpayer dollars.

Form State Habitat Teams:

One of the inherent challenges in implementing the CRP at the landscape scale is that "one size doesn't fit all" with respect to wildlife management practices. Due to national and regional differences in soils and climatic conditions, practices that work well in one state or region may be marginal or even detrimental in another. **To address this issue and to make the program the best it can be, State Habitat Teams should be formed to establish criteria for selecting contracts for re-enrollment. These teams should be comprised of professional wildlife biologists from the respective state wildlife agencies, U.S. Fish and Wildlife Service, Natural Resources Conservation Service, State FSA Director or designee and other natural resource professionals as the Team deems appropriate**. The Team's primary function should be to determine the status of cover types on acres proposed for re-enrollment and to determine the appropriate covers to be established on new enrollments. A successful model already exists within the CRP for this approach with the recent establishment of State Habitat Teams to guide the implementation of CP33.

Revise The Environmental Benefits Index:

The EBI is the primary factor in determining the wildlife benefits ultimately resulting from CRP contracts. The CRP is required by statute to place equal emphasis on soil, water and wildlife. However, within the EBI there are six factors that determine contract acceptance. These include: 1) wildlife habitat, 2) water quality, 3) soil erosion, 4) enduring benefits, 5) air quality, and 6) cost. When all are taken into account, wildlife is not equally weighted with soil and water. **In short, the CRP could be enhanced, particularly in the South, by revising the EBI to place emphasis on: 1) simplification and equitable allocation of points between all resources, 2) re-defining appropriate vegetative covers, which could best be accomplished by allowing each State Habitat Team (with FSA national office oversight) to develop their own N1 wildlife cover factor, 3) re-instate an N1 cover factor multiplier, similar to that used in CRP sign-ups 15-20, 4) reduce or even eliminate the N4 enduring benefits factor, and 5) link the EBI with major wildlife initiatives like NBCI and State Wildlife Agency Comprehensive Wildlife Conservation Strategies.**

Increase Technical Assistance and Compliance:

Additional funding for technical staff within USDA and for the establishment of contribution agreement positions with state wildlife agencies is critically needed. The CRP practices are not being fully delivered in some areas because workloads exceed the capacity of USDA field office staff. Additional personnel also are needed to increase compliance checks and make sure that practices are being established and maintained as prescribed. This has the added benefit of building positive relationships with producers and improving education and outreach relative to other programs and resource issues. Incentive and cost share payments should be made only after practices are properly installed and compliance checks have been conducted.

Assess and Adjust CRP Rental Rates:

In addition to technical delivery, the other key ingredient for producer participation is an adequate level of financial incentives. In certain areas and for certain practices actual cash rental rates (CCR) are well above the CRP soil rental rates (SRR). For example in one Iowa county the average CRP SRR is $54 less than the CCR. Experience has shown that few producers will be attracted to re-enrollment—or new enrollment—under this scenario. Additionally, for CP33 a separate and higher rental rate is needed for irrigated lands, which make up a high percentage of many agricultural landscapes. This is economically justified, as irrigated CCRs are much higher than dry land CCRs. It is biologically justified because these irrigated buffers produce better food and cover for wildlife during drought years than dry land buffers. I recommend that FSA assess and adjust rental rates as needed to make the program equally attractive to producers across all regions.

Maintain Mid-Contract Management

In 2004, FSA directed state offices to work with State Technical Committees to develop mid-contract management guidelines for new and existing CRP contracts. Cost-share for these management activities would be provided where appropriate to enhance wildlife habitat values of

the CRP while still preserving the soil erosion and water quality benefits of these fields. This directive represented a substantial change of policy on behalf of the FSA and provided the suite of management options and incentives that many in the wildlife community had been requesting since inception of the CRP. Although specific guidelines varied from state to state, in general they permitted, cost-shared, and in some cases, required management activities such as strip-disking, prescribed fire, and herbicidal control of invasive species on grasslands as well as thinning, prescribed fire, disking, and use of selective herbicides on mid-rotation pine plantations. This is a very positive step toward upgrading CRP habitats for wildlife and should be maintained in the program.

Conclusion:

Again Mr. Chairman I appreciate the opportunity to provide input on this program, which is so critical to the environmental and economic welfare of our nation. I sincerely hope that these comments will stimulate discussion and action relative to keeping the many aspects of the CRP that are currently working and improving those that need adjustment. If I can be of assistance at any time, please do not hesitate to contact me.

Dan_Forster@dnr.state.ga.us, 770-918-6400

Reference:

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DOCUMENTS SUBMITTED FOR THE RECORD

JULY 27, 2005

Testimony of Environmental Defense and The Nature Conservancy

on the Conservation Reserve Program

before the

Subcommittee on Forestry, Conservation and Rural Revitalization

of the

U.S. Senate Committee on Agriculture, Nutrition and Forestry

Wednesday, July 27, 2005

Environmental Defense and The Nature Conservancy greatly appreciate the opportunity to submit written testimony to you regarding the future of the Conservation Reserve Program (CRP).

The CRP has produced significant environmental benefits since its creation in 1985. It has reduced soil erosion, improved water quality, and helped restore grassland and wetland communities. We believe the upcoming wave of CRP contract expirations presents an opportunity both to preserve the greatest achievements of existing CRP enrollments and to increase the environmental benefits the program provides to both landowners and the public.

Lands enrolled in the CRP should be those with the greatest need to address particular issues related to water quality, soil erosion, air quality and wildlife where results cannot be comparably achieved through conservation practices if the lands remained in production. In an ideal program, landowners and the public should be able to point to a piece of land and know the core reason for its enrollment.

In order to maximize environmental benefits through the CRP in the future, it is critical that USDA's Farm Service Agency (FSA) not allow extensive automatic re-enrollments as a way of dealing with the approximately 22 million acres due to come out of the program in 2007 and 2008. Offering extensive automatic re-enrollments will make it more difficult to increase the environmental benefits provided by the program and could be unfair to landowners who may wish to enroll new lands in the program. Instead, we suggest that FSA should give most contracts a range of extensions from one to five years to even out the re-enrollment process (thereby reducing the administrative burden on the agency). Under this policy option, longer extensions could be awarded to those contracts that have incorporated good management and achieved the highest EBI. Another policy option may be to allow automatic re-enrollments for the most valuable lands that would rise to the top in any new competitive process, and to provide short extensions for some other contracts to spread out the competitive re-enrollment process over several years.

To ensure that every acre enrolled in CRP delivers the maximum environmental benefits for the public dollars expended, it is critical that we improve the competitive process by which acres are chosen for enrollment during general signups. To that end, the Environmental Benefits Index (EBI) should be revised to better target the country's water quality, soil erosion, air quality and wildlife goals. That may mean placing greater emphasis on enrollments that achieve the highest levels of benefits for each resource concern, rather than requiring that all acres contribute at least modestly to each goal.

We support the general sentiment of increasing state and local involvement in the targeting of CRP funds and acres. Doing so will require some creative approaches. Unless CRP acres were block granted to each state office – an approach no one seems to favor – enrollments will ultimately depend on ranking criteria set at the national level. Within this national ranking system, therefore, the practical way to achieve greater state involvement is to include some elements in the national ranking index, the EBI, that are in turn established by states. Previous EBIs have allowed states to establish priority areas, but the priority areas have consisted of broad areas on maps. A more useful mechanism would allow states to establish, for example, priority enrollments by specifying the combination of planting type, management method, and specific landscape locations that would provide exceptional benefits for at-risk species. States could be equally specific in identifying critical enrollments for water quality that merit high points. Priority areas have also been too big, up to 30% of a state's cropland. If so much cropland receives priority points, nothing is a real priority area. Decreasing the percentage of a state that is designated as a priority area would actually increase its significance.

USDA could also create more opportunities for state tailoring by inviting states, or groups of states, to propose categories of continuous enrollment. In other words, states would propose criteria for enrolling land of such exceptional value that the land should be enrolled automatically and without competition. In the past, continuous enrollment has occurred primarily for buffer areas. Recently, USDA created special continuous enrollment categories for bottomland hardwoods and quail habitat. USDA can move further in this direction by encouraging states to specify areas of perhaps 200,000 to 400,000 acres that if enrolled with particular plantings and management could provide exceptional habitat for at-risk species. This approach would provide a mechanism to reward and encourage collaborative efforts to promote species conservation through the CRP.

This latter approach is one way in which the CRP can help ameliorate conflicts and potential conflicts between agricultural producers and wildlife of special concern, which could lead to regulatory pressures if unaddressed. Addressing at-risk species concerns through the CRP will require rewarding enrollments and associated management that contribute to these goals in selection criteria, and possibly in criteria for automatic reenrollments or contract extensions. To achieve these benefits, this focus has to be targeted to lands that can contribute in critical ways to the survival and recovery of these species.

Continuous enrollment has been of exceptional value because it helps working lands address resource concerns. Continuous enrollment needs to be reinvigorated, promoted and potentially expanded. FSA should move quickly to use third party technical assistance contracts to encourage and provide assistance for continuous enrollments. Among other valuable practices that probably should be incorporated into continuous enrollment is the installation of managed wetlands designed to filter agricultural drainage water.

When cropland is taken out of production for environmental purposes, proper respect for its value means that it should be managed to achieve these purposes. FSA should do more to encourage and reward good management of CRP lands. One way may be to incorporate management criteria into the EBI. Another way is to financially compensate the actual costs of good management once it is undertaken, to the maximum extent authorized by statute.

It is also very important for FSA to develop third party technical assistance (TA) for CRP to ensure that sufficient qualified personnel are available to effectively and efficiently implement the program.

Additional details concerning the recommendations above are provided in the joint comments regarding the CRP that our organizations submitted to USDA last December. A copy of these comments is attached to this testimony.

December 8, 2004

Robert Stephenson
Director, Conservation and Environmental Programs Division (CEPD)
Farm Service Agency, Room 4714-S, Stop 0513
U.S. Department of Agriculture
1400 Independence Ave., S.W.
Washington, D.C. 20250-0513

Dear Bob,

The Nature Conservancy is an international, non-profit organization dedicated to preserving the plants, animals and natural communities that represent the diversity of life on earth by protecting the land and water they need to survive. The Conservancy has more than 1 million individual members and over 1,900 corporate associates with programs in all 50 states and in 30 nations. To date our organization has protected more than 12 million acres in the United States and abroad, and has helped local partner organizations preserve millions of acres in other nations. Our conservation work is grounded on sound science, strong partnerships with other landowners, and tangible results at local places.

Environmental Defense, a leading national nonprofit organization, represents more than 400,000 members. Since 1967, Environmental Defense has linked science, economics, law and innovative private-sector partnerships to create breakthrough solutions to the most serious environmental problems.

We welcome this opportunity to submit comments on how to ensure continued and increased environmental benefits from the Conservation Reserve Program (CRP) given the challenge presented by the approximately 22 million acres of CRP contracts that are due to expire in the near future.

The CRP produces significant environmental benefits —cutting soil erosion, improving water quality, and helping restore grassland and wetland communities. Originally focused on reducing crop surpluses, the program has evolved through subsequent farm bills and administrative action to focus more and more on achieving environmental benefits. The Environmental Benefits Index (EBI) has become more environmentally tailored. The creation of the continuous enrollment CRP (CCRP) has helped target some CRP to restore critical riparian buffers, and FSA is to be applauded for extending CCRP to new initiatives, like the bottomland hardwoods and the northern

bobwhite quail initiatives. FSA deserves high praise for partnering with states on Conservation Reserve Enhancement Programs (CREPs) that address major environmental issues at the state or local level. Critical habitats are receiving some focus through conservation priority areas and the rare and declining habitat conservation practice. FSA is adopting new technologies – creating a computer program for general signups and working to include GIS data on CRP enrollments. FSA is also working to do a better job of measuring the environmental benefits of CRP.

In our view, the upcoming wave of CRP contract expirations presents both an opportunity and a significant challenge for FSA. It is important that FSA, at a minimum, preserve the greatest achievements of existing CRP enrollments. FSA also has an unparalleled opportunity to increase all of CRP's environmental benefits (1) by better targeting CRP enrollments; (2) by enhancing the management of CRP lands; and (3) by not planting inappropriate plants in inappropriate locations. Our comments provide practical suggestions as to how to achieve these objectives in an administratively feasible, cost effective way that maximizes environmental benefits.

General Principles and Substantive Vision for CRP

We believe that enrolling 39.2 million acres of agricultural lands in CRP is strongly in the nation's interest and that a renewed CRP can and should preserve and enhance all of the program's three main goals of preventing soil erosion, improving water quality and enhancing wildlife. Achieving these goals requires a range of enrollment techniques.

In managing CRP, USDA's guiding principle should be to help farmers make the maximum contribution on the acres available toward meeting the country's major environmental goals. CRP should focus more on retiring lands that most need to be retired to advance each of CRP's individual goals. By contrast, CRP should focus less on enrollments that balance each goal on the same piece of land. That often means enrolling land of some value to each individual goal but that could also be addressed without removing the land from production, for example, by controlling erosion on moderately erodible land through better farming techniques. For soil erosion, CRP should therefore focus primarily on retiring lands that cannot be cropped under existing farming methods without unacceptable soil erosion. For water quality, CRP should retire those lands of special sensitivity that either filter other agricultural lands or erode heavily immediately into adjacent water bodies.

It also follows that USDA should fully embrace CRP's wildlife mission, for achieving wildlife goals in particular often requires taking some lands out of production. But here too, CRP can do more to assure that each acre addresses the country's truly important wildlife goals, particularly for at-risk wildlife, thereby helping the farming community address concerns related to wildlife through incentive-based programs. Congress has recognized three special areas of wildlife of national concern: at risk species that are or may become endangered, recognized by the Endangered Species Act; and migratory birds in general, recognized by international treaties; and waterfowl,

recognized through the North American Waterfowl Management Plan. CRP is significantly contributing to rebounding waterfowl populations, but can do much more to benefit at risk species and neotropical migrant birds. CRP should reflect these priorities and we believe it can do so with important but modest changes that fully maintain the existing program structure.

The related principle is equally important. CRP can and should do even better to achieve environmental goals with each acre it takes out of production by paying more attention to proper management. That means giving farmers more incentives to establish the best possible and appropriate cover, more attention to the variety of maintenance activities required to maintain that cover, and more attention to avoid inappropriate plantings.

Following these principles, our substantive vision for USDA includes the following:

1. CRP should do more to help the farming community address concerns about at risk species by locating and managing more lands for enrollments that benefit these species. That should include more properly located longleaf pine enrollments, short-grass prairie enrollments, native grass mixtures, and western riparian areas. CRP would be more effective if it encouraged greater coordinated, voluntary plans put together by partnerships between the farm community, conservationists and state and local government. Greater control of invasive species, and use of fire or other appropriate management techniques are critical to the long-term success of the CRP.

2. CRP should maintain or enhance its enrollments of those most highly erodible lands that cannot be cropped acceptably using current farming techniques.

3. CRP should enhance its water quality benefits by enrolling more riparian areas (through all the different forms of enrollments), including traditional buffers, floodplain wetlands and forests, and highly erodible lands stretching out directly from significant streams.

4. CRP should do more to benefit wildlife throughout the program by giving more incentives for valuable planting choices throughout the program, and through improved maintenance.

5. CRP should avoid creating adverse environmental impacts by discouraging plantings of inappropriate vegetation (plantings that are inappropriate to the locale), and banning installation of invasive species. Inappropriate vegetation includes planting trees in prairie areas that never had them making these areas inhospitable to declining grassland bird species and thereby significantly harming the environment.

6. CRP should aim to increase enrollments of the most valuable, targeted acreage by seeking to enroll 8 million out of the 39 million nationwide acres available through continuous enrollment processes, including the Conservation Reserve Enhancement Program. As part of such an effort, it should expand continuous CRP to include opportunities to benefit at risk wildlife and to create wetlands at the end of tile lines, and it should expand outreach efforts to replace the efforts once provided by NRCS staff.

7. CRP should continue and further its achievement in restoring northern prairie wetlands and grasslands in the Prairie Pothole Region and their fundamental role as breeding grounds for most of this country's migratory waterfowl and many grassland nesting birds. However, this goal should be coupled with a desire to get more bang for each acre, both for waterfowl and other declining species of the northern prairie. Lands enrolled for their waterfowl habitat should be those with significant concentrations of wetlands in concentrated grassland counties. At the same time, these enrollments should also do more to emphasize diverse mixes of native grasses and forbs appropriate to the locale and to improve grassland management, factors that make these lands not only valuable for waterfowl but for other important wildlife.

8. CRP should limit reenrollment of tree covered acres to bottomland hardwoods, longleaf pine, rare and declining habitat, and stands of (or that are transitioned to) upland hardwood forests managed for migratory birds and forest dependent native wildlife.

9. CRP should restore more wetlands of all types, thereby doing even more to promote water quality, waterfowl and other wildlife populations.

10. CRP should do more to achieve air quality benefits by targeting enrollments for that purpose in non-attainment areas.

SUMMARY OF SPECIFIC RECOMMENDATIONS

The questions posed by USDA fall into four major categories, and we summarize our responses below.

1. Dealing with the 23 million acres of CRP land now due to expire in 2007 and 2008.

USDA should follow strategies to spread out these enrollments to optimize administrative workload, increase competition, and encourage re-enrollments of the most valuable acres. It should:

- Beginning in 2005 and before the start of the 2007 general signup, permit advanced continuous, automatic reenrollment of eight to ten million acres of specially defined CRP lands due to expire in 2007 or 2008 that have the highest value for wildlife, water quality or soil erosion control under conditions that enhance or preserve those values. In general, these reenrollments will require some kind of site-inspection.
- Beginning in spring 2007, conduct 2-5 million acre general sign-ups each year in which CRP land expiring in 2007 and 2008 may compete against new offers under a revised Environmental Benefit Index.
- Permit automatic extension of approximately eight to ten million of the remaining acres due to expire in 2007, 2008 or 2009 for a period of one or two years, thereby creating manageable pools of two to three million expiring acres over each of four years, eligible to compete in general sign-ups conducted each year.

2. Improving general sign-ups.

- Revise the EBI to enhance benefits as follows:
    - Create greater point differences in all categories between the most valuable enrollments and the least;
    - Recognize a greater variety of indigenous cover types for wildlife, including those that benefit at-risk wildlife and the value of interspersed grasslands and wetlands;
    - Do more to recognize the importance of factors related to location for wildlife, water quality and air quality;
    - Incorporate different levels of management commitments, including commitments to restore wetlands;
    - Use more scientifically valid and selective criteria to measure water quality benefits.
    - Make the cost factor determination a transparent process (it is a black box now) and do not award points in ways that

discourage producers from receiving cost share, from selecting high value practices or from undertaking improved management.

3. Continuous enrollment and CREP.

- Improve promotion of continuous enrollments and enhancing incentive payments for bottomland hardwoods.
- Create a science-based, regional process to establish special wildlife continuous enrollments to benefit at risk species, including core habitat for threatened and endangered species and DOI species of concern.
- Expand CCRP to include a practice to create wetlands to intercept and treat drainage water at the end of tile lines and modify buffer practice to allow modifications to stabilize banks prior to revegetation.
- Increase enrollments of the most environmentally valuable, targeted acreage by increasing the holdback for continuous enrollment, CREP and FWP to 8 million acres (including expansion of CCRP categories to include at risk species habitat and a continuous enrollment practice to create wetlands to intercept and treat drainage water at the end of tile lines).

4. Improved management.

- Prohibit inappropriate plantings, such as trees on prairies that discourage grassland bird use.
- More scientifically tailor haying and grazing authorization to reflect regional conditions and to assure that they promote environmental benefits.
- Replace small automatic maintenance payments with payments tied to actual maintenance activities and increase incentives for mid-contract management.

5. Performance measures.

- Measure wildlife benefits, at the very least, in terms of nongame grassland birds, and neotropical migrants, at risk-species and waterfowl populations.
- Work cooperatively with ongoing wildlife research efforts by USGS, USFWS, state wildlife agencies, universities and non-profits like NatureServe to link wildlife data bases and developing CRP GIS data.
- Devote more resources to monitoring/modeling/research and target to high priority areas for water quality and high priority areas for at risk species.

- Provide outreach and sufficient incentives for bottomland hardwood and floodplain wetlands initiatives.
- Solicit CREP proposals from MRB states, like Ohio's Scioto CREP, that seek to address hypoxia in the Gulf of Mexico.
- Work with NRCS to target EQIP, CSP and WRP funding to complement CRP efforts to address areas of high nutrient contribution.
- Focus practices on addressing subsurface (tile system) drainage in the states of Iowa, Indiana and Illinois, which have been shown to contribute the greatest yields of nutrients to the hypoxia problem. Examples include wetlands designed to filter agricultural drainage, buffers that include agricultural drainage management control structures, and buffers that incorporate redesigned drainage ditches.

COMMENTS

I. How to manage the 23 million acres expiring in 2007 and 2008?

In 2007 and 2008, 23 million acres of existing CRP contracts will expire, and many of the USDA questions essentially ask what to do in response. We believe these large-scale retirements create both a challenge and an opportunity. They are a challenge because many of these enrollments provide critical environmental benefits that must not be lost. They are also a challenge because a massive general enrollment sign-up in each year places overwhelming administrative burdens both on FSA and NRCS that prevent each from doing its job as well as possible. Enrolling so many lands in one or two years also increases the cost and decreases the availability of desirable seeds, particularly native seeds. On the other hand, these retirements present an opportunity because USDA can use creative ways not only to preserve the existing benefits from CRP but to enhance them. Our recommendations follow.

A. Beginning in 2005, permit advanced continuous automatic reenrollment of 8 to 10 million acres of the most environmentally valuable CRP lands expiring in 2007-2008 under conditions that enhance their benefits (FSA Questions 1, 5, 7).

We have thought carefully about automatic reenrollment and believe that it could be a helpful option for some acres that provide exceptional environmental value. In general, competitive general sign-ups help assure taxpayers the best environmental value for the dollars and help assure fair treatment for all farmers and regions. However, after many sign-ups, it has become possible to identify selective enrollments to a limited level that are of such high value that USDA can be confident they would qualify for enrollment in a general sign-up. Permitting their automatic enrollment under certain conditions can then provide a number of benefits. It can encourage reenrollment of land that deserves to be reenrolled. Reenrolling some existing lands can also save cost-share funds. Most importantly, continuous reenrollments over many years can greatly spread out, and in effect, reduce administrative costs, and by doing so, permit more attention to each enrollment. In turn, this potential for increased attention permits greater attention to the details of cover and management practices, while spreading out demand for native seed

and plants. Automatic reenrollment will also be desirable to many landowners because it provides them a quick, certain option to continue to provide exceptional environmental benefits for another 10 years.

We, therefore, support the creation of selective categories of land for automatic re-enrollment of land that would otherwise expire in 2007 or 2008 (producers should elect to accelerate their contract expiration dates to automatically reenroll acres). These categories follow our broader principles in that they focus on land that probably must be retired to produce the desired benefits, and they set conditions to maximize the benefits of each acre.

We caution that in general, these reenrollments will require some kind of site-inspections to verify conditions. Site-inspection is needed because our assessment is that the quality of existing cover varies enormously, regardless of the category of cover on which lands were initially enrolled. However, re-enrollment should also be tied to a specific, new planting or management plan that specifies what must be done to the land as a condition of re-enrollment and for longer-term maintenance. By performing enrollments continuously, these two tasks merge, and the workload should be no greater than the normal technical assistance responsibilities, made more manageable because they are spread out.

We have carefully thought about the categories of CRP that should be eligible for automatic reenrollment, and recommend the following, which recognizes the most valuable enrollments that generally merit land retirement. We must emphasize that our support for automatic reenrollment is limited to enrolling no more than a total of ten million acres under these, and only these, carefully chosen options.

Undoubtedly, some people in regions of the country that have traditionally enjoyed strong CRP enrollment, will encourage FSA to reenroll everything out of concern that any changes could result in losing some of their current base of enrollment. We urge FSA to reject such an approach. Allowing all of the expiring acres to be automatically reenrolled would break faith with the farm community as a whole. It would favor existing participants to such a high degree that it would be tantamount to sending a message that those who did not apply in the mid-to-late 1990s need not apply.

FSA should reject such an inequitable approach and instead pursue a balanced automatic reenrollment strategy that is limited to at most 10 million acres of current enrollment of exceptional environmental value. Such a strategy would preserve much of the most significant environmental benefits of current enrollments while creating an opportunity for new participants to compete against expiring contracts for a meaningful percentage of the nationwide acreage allocation set by Congress. Consistent with President Bush's announced policy on August 4, 2004, it should couple the plan to offer automatic reenrollments to categories of environmentally high value enrollments with a commitment to offer one-to-two year extensions for many other expiring contracts to spread out the task of reenrolling lands expiring in 2007 and 2008.

CCRP Categories for Automatic Reenrollment:

1. At Risk Species Habitat

- Land that due to its location, the enhancement of its cover to the appropriate form of Rare and Declining Habitat (CP-25), and under specific management conditions will provide valuable habitat for an at-risk species.
- At risk species habitats eligible for automatic reenrollment should be those that restore priority habitats for threatened or endangered species or DOI species of concern. Only habitats whose reestablishment are deemed essential to the recovery of the at risk species should be targeted. In general, we are contemplating designations of enrollments in the 50,000 to 350,000 acre levels.
- These conditions should be set on a regional basis and approved by the national office.

2. Riparian Areas

Because riparian areas have exceptional value for both water quality and wildlife, the following categories should be permitted for automatic reenrollment:

- Riparian whole fields if at least half of the field is within one quarter mile of feet of a blue line stream and the land is significantly erodible (predominant soils have an EIS of 8 or greater);
- Lands adjacent to streams that either have been restored as wetlands or would be restored as wetlands;
- Land within the morphological floodplain that has been or would be reestablished as bottomland hardwoods or wetlands;
- Riparian lands that are frequently flooded; or
- Lands adjacent to streams if the predominant soils are highly leachable (i.e, soils within hydrologic soil group (HSG) of A and with a sandy, sandy loam or silt loam soil texture).

Any lands reenrolled in these categories must either already be planted or be transitioned to native grasses or a mix of native hardwood trees or an appropriate wetland planting. (In western riparian areas, cottonwood/willow riparian areas are appropriate and should normally be allowed to regenerate so long as some flooding can be generated in the riparian area.)

3. Critical lands for migratory waterfowl

a. In the Prairie Pothole region, CRP grasslands should be eligible for automatic reenrollment under the following conditions:

- Whole fields in which at least 10% of the land enrolled is either a functioning wetland or will be restored as a wetland under the new CRP contract;
- The field is located in an area that has at least 20% of grass cover/square mile;
- Plant cover will be at least 12 inches tall during the primary nesting season for waterfowl and grassland birds and will be a mix of native grasses and forbs; and
- The landowner must agree to a specific management plan, to be appended to the contract, to reintroduce disturbance (e.g., fire, mowing, grazing). Managed haying or grazing should be conducted no earlier than August 1st, no more than once every five years and should leave sufficient residual cover for next spring's nesting migratory waterfowl.
- Participants meeting these conditions and maintaining or establishing a diverse mixture of native grasses and forbs should be permitted to reenroll in fifteen year contracts and receive a 25% practice incentive payment for the costs of establishment.

b. Lands previously enrolled in CP 23 anywhere in the country upon verification that wetland was actually restored and maintained, or whole fields in which at least 15% of the lands enrolled are wetlands or will be restored as wetlands or form part of contiguous parcels in conserving use in which 15% of the lands are wetlands or will be restored as wetlands if the following additional conditions are also met:

- the lands are planted or will be planted to native grasses and forbs of high benefit to wildlife or a mixture of native hardwood trees appropriate to the area or longleaf pines.
- If grasses, haying and grazing will not occur before the end of the primary nesting season for grassland birds and waterfowl;
- The landowner agrees to follow a high level management plan (see comments elsewhere).

c. Within the Pacific Flyway, any enrolled as wetlands or associated with wetlands and provide irrigated rental rates.

4. Exceptional value upland forest habitat

Upland tree plantings, if transitioned to and managed as upland hardwood forests, could provide exceptional wildlife habitat for many rapidly dwindling migratory bird species and other forest dependent wildlife and should be eligible for automatic reenrollment in 15-year contracts if they meet the following criteria: (Note: Except as set forth below, tree covered acres should not be eligible for automatic reenrollment. However, upland hardwood forests that provide habitat for migratory birds, bottomland hardwoods and longleaf pine should be

exceptions due to the exceptional environmental benefits they provide. Bottomland hardwoods and longleaf pine would be eligible for automatic reenrollment under the riparian zone and at risk species habitat categories discussed above).

- Stand is or is planted in the first year of the re-enrolled contract to at least 50% evenly distributed native hardwoods appropriate to the locale and providing suitable habitat for migratory songbirds and other forest dependent wildlife.
- Enrollment contains at least 100 acres of upland hardwood forest or is contiguous to or fills in a gap in a significant block (at least 100 acres) of unfragmented upland hardwood. (Greater minimum acreage requirements may be set on a regional basis with approval by the national office depending on the dominant land cover of the surrounding landscape or regional prioritization of desired wildlife species.)
- Within one year of reenrollment, if necessary, trees on existing site will be thinned or cleared as necessary to assure sound conditions for survival of hardwoods. Specifications for site preparation, planting, etc. for transitioning a stand to upland hardwood forest will be determined on a regional level. In all cases, the objective is to retain or achieve through thinning and interplanting upland forest comprised of at least 50% evenly distributed native hardwoods, including at least 3 species of native mast producing hardwood trees.
- Management (thinning, prescribed burns, etc.) shall be conducted in accordance with a management plan to (1) release hardwood trees if suppressed by softwoods; (2) increase tree growth; (3) control invasive species; and (4) provide sufficient light penetration to forest floor to promote understory growth.
- Cost share will be provided for interplanting in years 5 and 10 of the contract if hardwood tree survival dips below 50% of stand composition.
- Cost share will be provided to restore native understory plantings important for wildlife

B. FSA should conduct 2-5 million acre general sign-ups beginning in spring of 2007 in which land under expiring contracts would be permitted to compete for reenrollment against new offers.

After revising the EBI, FSA should hold annual 2-5 million acre general signups beginning in the spring of 2007 to reach the authorized enrollment cap of 39.2 million acres in combination with continuous enrollment. In these general signups, new bids could compete with expiring contracts.

In combination, these general sign-ups and the automatic reenrollment would help to more efficiently allocate administrative costs, permit greater attention to technical assistance, promote greater competition, and increase environmental benefits.

C. USDA should offer one to two year contract extensions for most other contracts due to expire in Fiscal Years 2007 or 2008.

To ensure continued environmental benefits, FSA should provide automatic one or two-year contract extensions for up to eight to ten million acres of the remaining contracts due to expire in fiscal years 2007 and 2008 to spread the remaining acres expiring in those years over four years. At the end of the one or two-year contract extensions, interested participants could seek to reenroll these acres by either competing against other offers in a general signup or, if their acres qualify, enrolling them through continuous signup, CREP, or one of the new automatic reenrollment CCRP categories discussed above.

This procedure would further help spread out enrollments. Assuming that 10 million acres of existing lands are reenrolled prior to 2007 using one of the techniques described above, 13 million acres would still be due to expire in 2007 or 2008. Two-year extensions would help to spread sign-ups of a replacement 13 million acres (including reenrollments) over four years rather than two years. See Analysis of CRP Reenrollment, Extension and General Signup, 2004-2010.

II. Enhancing General Sign-Ups (FSA Questions 2, 3, 8)

FSA ranks most proposals for sign-ups using the Environmental Benefits Index. Improvements in the EBI over the years have led to improved environmental performance. We expect to offer detailed revisions to the EBI, but offer the following general principles.

1. The EBI should place greater weight on the enrollments of exceptional value individually to soil erosion, wildlife or water quality and place less focus on balancing all those goals on each enrollment.

Since the goal of CRP should be to enroll the land that needs to be enrolled to achieve environmental goals, the EBI should help identify those lands. Lands that cannot be cropped without unacceptable soil erosion are therefore dramatically different from lands that can be cropped without unacceptable soil erosion, and the EBI should reflect this difference by weighing those enrollments much higher. Similarly, lands that provide valuable habitat for at risk species or for breeding waterfowl in the prairie potholes are not merely somewhat more valuable than other enrollments, they are much more valuable. In general, the EBI can accomplish these goals by creating greater point differentials between low and high scores within the different categories of water quality, soil erosion and wildlife, and by increasing benefit points disproportionately for the highest value enrollments in each category. This should be coupled with an effort to combine wildlife data sets and GIS to create a mix of appropriate localized covers and accompanying management regimes to restore at risk wildlife habitat.

2. Recognize more distinctions in the value of enrollments to wildlife by including more categories, locational factors, and the nature of activities to enhance wildlife benefits on the land, such as restoring wetlands.

The EBI needs to do a more sophisticated job of discerning between the varying levels of benefit with respect to wildlife and spread out the point differential accordingly. It is possible for USDA to recognize that there are more differences in what may be planted than just the broad categories now provided by the EBI, particularly for at-risk wildlife. Locational factors are also critical, including not merely location within a state but location in relation to landscape features and other available habitats. And producers can do more to enhance the value of their land for wildlife than now recognized (with those activities varying from habitat to habitat type). These include enhanced management and maintenance activities, and the best forms of grazing. It also includes restoring or enhancing wetlands, which add value to an enrollment. Such activities should be recognized regardless of continuous enrollment opportunities because they enhance the value of a general sign-up and that is the only relevant criterion.

Good prairie pothole habitat for wildlife provides an example of how an improved EBI can work. The best habitat is provided on lands that mix grasslands with a significant quantity of existing or restored wetlands, that create a mixture of grasses and forms with good vegetative structure that are not hayed or grazed more often than once every five years, that are located near significant quantities of other grasslands, and that are maintained. An enhanced EBI should recognize these factors and value them highly.

As currently configured, CRP also does not place a significantly higher reward for enrollments into truly diverse native grassland vegetation practices that will be managed to encourage that diversity. CRP therefore often results in dense monoculture plantings. Although the plantings that become monocultures have erosion control benefits and offer some wildlife habitat, the plantings generally do not offer the structural or biotic diversity needed by a wide array of native wildlife species. The reduced benefits occur for two main reasons. One, the current system does not sufficiently reward diversity enhancements in plantings, beyond token competitive advantages for planting some forbs. By providing enhanced benefits in the EBI for significant diversity enhancements of native species, FSA can significantly improve the quality of plantings. Two, FSA should also require participants to maintain greater levels of structural heterogeneity in CRP grassland plantings through more carefully structured management plans that consider such issues as the percentage of lands manipulated at different times on a tract. Native tallgrass prairies often contain 200 species of grasses and forbs per square mile, some native prairie CRP plantings only require four species. While waterfowl may have good nesting success on CRP enrollments in cool season grasses, the full range of prairie wildlife including reptiles, amphibians and insects will do better with CRP enrollments of relatively diverse mixes of native grasses and forbs (a mix of 10-15 species of native grasses and forbs in the tallgrass region would be a vast improvement over current CP 1 and CP 2). Changed policies could do more to create sufficiently diverse plant communities and structure that will provide a far greater range of benefits to wildlife and in some cases help preserve rare plants.

3. Permit regional designation of at risk species habitats using appropriate mapping.

As part of the effort to enhance wildlife benefits, FSA in coordination with USFWS should create a procedure for the regional designation of at risk species habitat, specifying the kind of plantings, location and management requirements to qualify for this category. Enrollments in these categories should receive the highest points.

4. Factor in the commitment of farmers to implement higher levels of management.

The EBI should factor in the commitment of farmers to implement higher levels of management through specific, detailed management plans. Examples include recreating natural disturbance (fire/grazing/mowing/discing), invasives control, and transitioning/upgrading the cover (e.g., discing and interseeding diverse mix of native grasses and forbs). The management plans need to describe in detail the specific haying or grazing allowed, and the EBI should create rankings for the most desirable forms.

5. Targeting water quality benefits at more appropriate criteria.

The current EBI enrolls too many acres that don't meet critical water quality needs because it largely double counts erodibility and does not focus on most needed water quality practices. Taking land out of production to address erosion in general is not a viable strategy to meet water quality goals because too much land would have to be removed from production. It should not be a valued CRP goal unless the land is too erodible to be cropped acceptably, and that factor should be reflected in the erosion category. Similarly, taking land out of production to address groundwater problems due to leaching would only make sense as a strategy in unusual circumstances.

Changes to the EBI can actually enhance water quality benefits by awarding points on tighter criteria, thus encouraging enrollments that meet those criteria but only those criteria. Water quality criteria should focus on erosion only where land is either highly erodible or highly leachable and is closely adjacent to a water body. Water quality criteria should also reflect the value of enrolled land for filtering runoff from other croplands, such as through enrollment of wetlands on floodplains or where it filters agricultural drainage water.

Through CREPs, FSA should also enroll land to meet specific local water quality problems that are related to excess water withdrawals. CREPs are the proper mechanism for achieving this goal because state mechanisms are required to assure that the water is used for water quality purposes and because land retirement can only contribute to this goal meaningfully in targeted areas.

6. Enhancing air quality benefits

The current EBI is insufficiently tailored to provide true air quality points where they are most needed without offering too many points in areas where enrollments are not most needed. Air-quality benefits should be limited to enrollments in areas that are in

non-attainment for particulates, and in those areas, continue to be weighted by the number of people potentially affected.

7. Reevaluate and reform use of cost in EBI

The precise way in which cost enters into the EBI is not fully disclosed, so a full evaluation of its significance is not possible. Some information is available, however, and indicates that reforms are appropriate.

Cost may be a legitimate way of distinguishing some otherwise indistinguishable enrollments. Today, however, the cost factor rewards farmers who are willing to forego cost-share only because they agree to the cheapest plantings and other physical manipulations of their land. That is a penny-wise, pound-foolish strategy since FSA should have a goal of getting the most environmental benefit out of each acre of land. For the same reasons, the cost factor should not discourage good maintenance, or high value practices, such as wetland restoration, buffers, and at-risk wildlife habitat recreation. Using the cost factor indiscriminately may also discourage enrollments of high value practices in the corn belt necessary to address hypoxia and other important water quality problems.

FSA should make the cost factor process transparent and predictable. FSA should provide full information to the public about the use of the cost factor, which would permit organizations to evaluate its significance fully and producers to understand how it will affect their offers. Based on this information, FSA should reform the ways in which points are awarded to avoid discouraging high value enrollments and high quality management.

III. Enhancing Use of Continuous Sign-Up Systems (FSA Questions 2, 4, 6, 11)

Automatic enrollments provide a great mechanism for maximizing CRP's environmental benefits. In the past, FSA viewed automatic enrollments as only appropriate for narrow strips, like buffers. In recent years, FSA has recognized that continuous enrollment is an appropriate mechanism for encouraging whole field enrollments of exceptional value too, including new enrollment categories for bottomland hardwood trees, floodplain wetlands, and non-floodplain wetlands. We support these new categories and have the following three recommendations for the program.

A. FSA should provide funds for third-party outreach and technical assistance for continuous enrollment.

Experience has shown that continuous enrollment and CREP are only successful if federal, state or local technical assistance providers are promoting them. In general, the enrollments (of, for example, buffers) involve sufficiently modest acreage that they provide relatively few dollars for the paperwork effort involved, and landowners have to be encouraged in significant part out of a sense of stewardship. CREP enrollments often vary from county to county, depending on the amount and quality of local outreach.

Today, NRCS is overwhelmed with other program responsibilities and FSA does not have biologists in the field. This, coupled with the state budget crises and uncertainty surrounding technical assistance, has exacerbated the need for outreach.

We recommend that FSA award competitive contracts to local organizations to conduct outreach to promote CCRP practices using Commodity Credit Corporation funding.

B. FSA should expand continuous enrollment categories to include creation of wetlands at the end of tile lines to reduce nitrogen runoff and to make buffers more effective around drainage ditches.

Wetlands can significantly reduce nitrogen levels in water. It is vitally important to address subsurface drainage water, particularly in Midwestern states, like Iowa, Indiana and Illinois, where subsurface drainage water circumvents riparian buffers adding to water quality problems in rivers and streams and ultimately contributing to hypoxia in the Gulf of Mexico. FSA should create a new continuous CRP practice that would allow producers to create wetlands at the end of tile lines to collect and treat drainage water. It should provide outreach and sufficient incentives to make this practice an attractive option for corn belt farmers. It should also amend its buffer practices eligible for continuous CRP to encourage their use in conjunction with alterations to drainage ditches to provide enhanced filtration of drainage water.

C. FSA should increase the wildlife benefits of the bottomland hardwood practice and provide outreach and SIP and PIP incentive payments for bottomland hardwood sign-ups.

Recreation of bottomland hardwood trees on floodplain cropland has the potential to provide enormous environmental benefits for wildlife and water quality, while assisting producers who previously converted land to crop production that they subsequently found too wet to provide a reliable return in the face of fluctuating crop prices. We therefore strongly support the creation of the bottomland hardwood continuous CRP practice.

It is critical, however, that plantings and management occur appropriately both to achieve environmental benefits. We support criteria to require mixed plantings of mast-producing hardwood trees, but the trees selected must be native and appropriate to the area. In addition, cottonwood inter-planting has great potential to overwhelm hardwoods unless limited in amount, and rigorously followed up with heavy thinning. In many cases, planting a mixture of supportive hardwoods will be preferable. An attached brief paper describes important planting and management issues and our support for this practice depends on whether these important conditions are followed to assure that taxpayers receive the true benefit from their investment.

We believe continuous CRP for bottomland hardwoods supplements the work of WRP. By enrolling in WRP, a landowner makes a more extensive commitment of both

time and restoration efforts so it is important that relative financial incentives be greater for WRP to reflect this greater commitment.

CRP enrollments in bottomland hardwoods are presently extremely low. An economic analysis shows that if FSA provided a signing incentive payment (SIP) and a practice incentive payment (PIP) to enhance the level of enrollment in CP 31, incentives for CRP enrollments would still remain significantly below those of WRP. We have performed an economic analysis that shows that providing SIP and PIP for CP 31 is extremely unlikely to result in any future price dislocations in timber markets. We therefore encourage FSA to provide SIP and PIP for CP 31 as an important tool for stimulating bottomland hardwood enrollments.

D. FSA should revitalize the buffer program.

Although CRP permits automatic reenrollment of buffers, enrollments have slowed in recent years. That is partially due to the decline in outreach, but may also reflect other barriers. For example, in the West, the authority to enroll riparian areas in appropriate vegetation or wetlands is not well understood, and the failure to pay irrigated land rates is a major barrier as well.

We urge FSA to revitalize the national buffer initiative, focusing on all continuous enrollment categories, by systematically exploring barriers to enrollment in each region and negotiating state acreage goals and arranging appropriate outreach. It should pay irrigated land rates for these enrollments where they apply, and probably provide added incentive payments for buffers where enrollment is low.

E. FSA should expand wildlife continuous enrollment categories to benefit at risk species.

CRP has the potential to help farmers address concerns related to at risk species. In many cases, these enrollments justify automatic enrollment. To dramatically enhance wildlife benefits, FSA should encourage states to propose local/state/regional continuous enrollment categories that would restore rare and declining habitat in areas and under conditions of exceptional value to at risk species. Examples might include longleaf pine communities in some parts of the southeast to benefit gopher tortoise, Texas thorn scrub restoration for ocelot, wetlands restoration in the California Central Valley to benefit waterfowl, and short-grass prairie in Colorado to benefit mountain plovers. This innovation would help address the significant gap revealed in the CRP Programmatic Environmental Impact Statement between current enrollment and areas of greatest need for at risk wildlife. CRP PEIS, Fig. 2.2-19, Fig. 2.2-35,Fig. 2.2-36, Fig. 2.2-37.

F. FSA should continue to approve meritorious new CREP proposals and solicit CREPs that address key issues of national concern.

Our organizations have a long history of proud participation in many important CREPs throughout the country. In our experience, CREPs represent an important

opportunity to partner state, federal and NGO resources to address national environmental issues at the local level in a targeted and comprehensive way. FSA should continue its commitment to approving strong new CREPs and should work with states to create CREPs to address issues of national concern at the local level. For example, as discussed below, FSA should work with MRB states to adopt CREPs, like the recently approved Scioto CREP, that help address hypoxia in the Gulf by adopting controlled drainage management structures that intercept and treat polluted runoff that would otherwise escape treatment through subsurface drainage systems. FSA should also encourage CREPs, like the Iowa CREP, that address hypoxia by creating wetlands at the end of tile lines. Another important example is the potential for CREP to address water quality issues related to excessive water withdrawals where systems are in place to assure that conserved water enhances the environment and land retirement is targeted in areas where it can have a measurable effect. Finally, a fourth important example is the tremendous potential for CREPs to partner state and federal resources to benefit at risk species, such as the Hawaii CREP proposal that seeks to restore native forest and riparian habitat to benefit threatened and endangered native species.

IV. Improving management and maintenance

The environmental benefits of CRP can be augmented by improving CRP management and maintenance through (1) adjusting managed haying and grazing policy based on science and local conditions; (2) increasing incentives for mid-contract management and providing appropriate payments for actual maintenance; and (3) using midcontract management for a full-range of benefits (including invasive species control) on CRP lands. The 2002 Farm Bill created an important opportunity to reintroduce or to approximate natural forms of disturbance (grazing by native herbivores and fire) that shaped our grassland ecosystems.

However, we are failing to get the right amount of managed haying and grazing during the right times and in the right places. NRCS needs to provide guidance in the field that specifically addresses how to use haying and grazing as a management tool based upon best available science and scientific judgment. It is critical that primary nesting season restrictions are set appropriately for each area; that protective conditions are included for highly sensitive areas; and that appropriate stocking rates/residual cover heights are set to meet wildlife management objectives. These determinations should be based on the wealth of existing scientific data and informed scientific judgment. While one year in three is an appropriate frequency for many areas, the frequency needs to vary by grassland type and location. Managed haying and grazing should be conducted less frequently in places, like the prairie pothole region, where management experience and scientific data indicate that haying or grazing CRP once in 3 years is too often, and more often on shortgrass prairie grasses planted in shortgrass prairie areas.[1]

[1] The scientific panel FSA relied on in the Interim CRP rule clearly stated that the shortgrass range CRP was undergrazed and required managed grazing more frequently than one in three years to obtain wildlife benefits (although proper precautions must be taken with respect to stocking rates to ensure that shortgrass range CRP is not over

It is also critical that to ensure that managed haying and grazing does not occur in places where it would cause adverse environmental impacts. This is a particularly important consideration with respect to haying because haying has a uniform effect on the area that is mowed unlike grazing which is more intermittent in impact unless stocking rates or too high or grazing periods are too long. The scientific panel that FSA relied upon in the Interim CRP rule stated that haying is inappropriate in the drier mixed grass range CRP and in shortgrass range CRP. Moreover, there are some grassland ecosystems that did not evolve with grazing as a form of disturbance and that would not benefit from, and may be severely damaged by, grazing or haying.

FSA should also reexamine the list of practices on which managed grazing and haying is allowed. Today, FSA does not permit managed haying and grazing on so-called "rare and declining habitat" (CP-25). That will be appropriate for some kinds of these habitats, but managed grazing and haying needs to be allowed on these lands enrolled in native prairies, oak savanna, or other ecosystems that require disturbance in the form of fire or grazing.

It is not surprising that CRP lands are generally not well maintained. Landowners receive the same $5 payment whether they manage the land well or not. FSA should provide appropriate maintenance payments for maintenance that is actually conducted.

The CRP rule made a step in the right direction by offering a 50% cost-share for major mid-contract management. However, without more incentive or more of a requirement, landowners are unlikely to take advantage of this cost-share. We would support an incentive payment for mid-contract cover management in addition to 50% cost share.

The goal of mid-contract cover management should be to improve covers by more closely approximating native ecosystem composition and function. Generally, mid-contract cover management should seek to do so by increasing plant diversity, improving stand structure, and controlling invasive species (including – in some cases – brush and tree control on grasslands). Invasive species not only limit the conservation value of and future economic uses of CRP land, they also can jeopardize surrounding preserves, pasturelands, and other lands. Accordingly, FSA should clearly provide that mid-contract cover management includes invasive species control. Mid-contract cover management should include light discing, prescribed burning, mowing, herbicides and manual controls for invasives, and interseeding, planting seedlings, and plugs.

V. Inappropriate plantings

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grazed. This is particularly true where out of system tallgrass has been installed). Annual grazing is needed to bring down the height of out of system tallgrasses to benefit native species, such as the mountain plover, and to allow native shortgrasses a chance to survive (if they are present in the seedbank or in adjacent fields).

FSA should take this opportunity to eliminate unintended adverse environmental impacts by discouraging inappropriate plantings on CRP and by banning the installation of invasive species on CRP. This effort requires not merely a sound list of prohibited species, but restrictions on where species or groups of species may not be planted even though they are appropriate elsewhere. A nationally supervised, regional review of planting lists and conditions should take place.

There are a number of examples of inappropriate plantings that have occurred in CRP. Native prairie remnants, for example, should not be converted to stands of red pine that eventually shade out and kill the native prairie. Trees, particularly fruit bearing trees like junipers, should not be planted in parts of the Great Plains that did not historically support trees. Inappropriate tree planting in these areas furthers grassland fragmentation, creates additional edge habitat, increases grassland bird nest predation, and can destroy range value of the land. Today, CRP not only permits planting of trees where they may be harmful, they encourage such plantings through continuous CRP and the structure of the EBI.

Installing loblolly pine where native bottomland hardwoods historically thrived provides another example of inappropriate plantings. This practice greatly diminishes wildlife value of CRP enrollments and can decrease viability of the stand and likely water quality benefits because loblolly pine are much less tolerant of flooded conditions than bottomland hardwoods. Likewise, grass plantings in native forest lands do not remedy the problems of forest fragmentation. For example, planting cool season, non-native grasses in a deciduous forest environment does little to improve woodland-based wildlife habitat. In many cases a dense, grass monoculture is the result from CRP planting options, and it is only marginally beneficial for wildlife. Participants should be allowed to continuously enroll in high value appropriate covers and should receive highest points in general signups for installing and managing the best local cover for wildlife.

We commend FSA for recently permitting marginal pasturelands to be enrolled in riparian areas and elsewhere to be placed in vegetation other than trees where appropriate. There are many prairie areas where even riparian areas were not filled with trees, and in such areas, other vegetation is appropriate. Unfortunately, FSA is allowing grasslands to be enrolled in CRP in vegetation other than trees (e.g., grass filter strips) even in areas where riparian areas would have been in trees. In the Chesapeake Bay area, these kinds of enrollments undercut the value of buffers for water quality and wildlife. The statute requires that these enrollments always be in "appropriate" vegetation. Appropriate was intended to mean consistent with the natural ecology of the area. FSA should so clarify.

In every place inappropriate plantings may now occur, there are a number of appropriate, localized covers from which producers should be able to select. As it follows a process for proscribing inappropriate plantings, FSA can and should simultaneously set forth the covers that are appropriate, and should pay particular attention to doing so for continuous CRP.

V. Performance Measures (FSA Questions 8 & 10)

With respect to adopting a set of performance measures consistent with the President's Management Agenda, we agree that the complexity of environmental systems, the lag between adoption of conservation systems and the change in environmental quality, the need to enroll sufficient participants in a program to achieve significant change, and difficulties in explaining how the conservation measures affect the system are all challenges. However, implementing our recommendations coupled with an increased commitment to monitoring would increase the environmental benefits of CRP and FSA's ability to measure these benefits.

Wildlife:

To do a better job of measuring performance regarding wildlife benefits we suggest:

1. Measure benefits, at the very least, in terms of waterfowl populations, nongame grassland birds and neotropical migrants. FSA needs to measure wildlife responses in terms of population vital rates (e.g., nest success, brood survival, female survival) instead of wildlife abundance which could reflect just a redistribution of individuals to get a true measure of program impacts;
2. Measure at risk species benefits linking state natural heritage inventories, CRP GIS, and monitoring and modeling;
3. Work cooperatively with ongoing wildlife research efforts by NatureServe, universities, state wildlife agencies, USFWS, National Biological Survey, etc.
4. Focus limited research dollars on CRP enrollments that impact high priority target species, are located in areas with high concentrations of CRP enrollment or compatible land use, planted in top wildlife covers/wetland restorations, and use appropriate management.

To measure wildlife benefits, FSA should, at the very least, measure the benefits in terms of waterfowl populations, non-game grassland birds, and neotropical migrants. There are ample national data sets to do so. FSA should also use well-established regional data sets. Of course, linking the information in these data sets with impact from CRP enrollment will be facilitated by FSA's increasing GIS data regarding CRP enrollments, including locational characteristics. FSA should also expand its efforts to measure the impact of CRP on less well understood or less well documented species like amphibians, which are among the most at-risk species in America and the world.

To measure at risk species (including T&E species) benefit, FSA should use state natural heritage inventories and other data sets to provide baseline data. FSA's expanding GIS capabilities should be used to track enrollment benefiting at risk species, particularly enrollment in CP 25. FSA should enter into memoranda of agreement with state wildlife and resource agencies, USGS, USFWS, and/or enter into cooperative

agreements with academics and qualified non-profits to conduct monitoring and accompanying regional models to extrapolate wildlife benefits.

FSA should cooperatively with other researchers, such as the Northern Prairie Wildlife Research Center, to track wildlife benefits.

FSA should focus limited research dollars on CRP enrollments that impact high priority target species (e.g., at risk species), are located within areas of high concentrations of CRP enrollment or compatible land use (e.g., 40% grass cover in prairie pothole region), are planted in top wildlife covers/enhancements (e.g., wetlands restoration), and adopt appropriate management for the system.

Water Quality:

Although measuring water quality improvements is challenging for the reasons listed above, implementation of our recommendations would increase water quality benefits and make them easier to measure by focusing CRP enrollments where they are most needed.

FSA should dedicate more funding to research. Water quality monitoring is expensive and difficult. It should be targeted to: high priority areas for water quality that have a significant enrollment in CRP in water quality oriented practices. Obtaining useful results is dependent upon selecting well chosen sampling sites and times and upon constructing sound water quality models. Water quality indicators should include aquatic species prevalence and health, not just factors like water chemistry.

VI. Hypoxia in the Gulf of Mexico (FSA Question 11)

The Report for the Integrated Assessment of Hypoxia in the Gulf of Mexico concludes that nitrogen loading to the Gulf of Mexico could be more than cut in half by implementation of proven techniques including "the creation and restoration of wetlands and riparian ecosystems between farmland streams and rivers, particularly in areas where concentrations of subsurface nitrate-nitrogen is highest; the reflooding of former wetlands that are now contributing excessive loadings of nitrate-nitrogen due to their drainage; and the modification of farm practices to make the use of nitrogen from fertilizer, soil, and manure more effective and efficient." Its key recommendations include:

> "Reducing nonpoint sources of nitrogen from the Mississippi River Basin will also require extensive creation and restoration of riparian zones and/or wetlands. A major effort should be undertaken in the basin to restore or create .... (5 million acres, or 0.7% of the basin) of wetlands and ... (19 million acres, or 2.7% of the basin) of riparian forest ... to achieve a combined 40% reduction of nitrogen loading in the Gulf."

In comments on *The Report for the Integrated Assessment of Hypoxia in the Gulf of Mexico*, farm groups, including the Agricultural Retailers, American Farm Bureau, and

American Soybean Growers Association, strongly supported using voluntary, incentive based farm bill programs to address hypoxia rather than a regulatory approach. They supported doing more with the CRP in particular.

Accordingly, FSA should develop a strategy to implement *The Action Plan for Reducing, Mitigating, and Controlling Hypoxia in the Northern Gulf of Mexico* by doing more to encourage riparian and wetland enrollment in the Mississippi River Basin watershed. High priority should be given to conservation measures that reduce nitrogen loading and hypoxia. In particular, treating subsurface drainage water before it reaches waterways in states like Iowa, Illinois and Indiana, is critical:

- Providing SIP and PIP and effective outreach for the bottomland hardwood and floodplain wetlands initiatives.
- Soliciting CREP proposals from MRB states to craft CREP programs like Ohio's recently approved Scioto CREP that seek to reduce hypoxia in the Gulf through restoring bottomland hardwood forests, wetlands, and riparian forest buffers and through agricultural drainage management.
- Working with NRCS to target EQIP, WRP, CSP and CRP funding to address areas of high nutrient contribution – using nitrogen on farms less often and more effectively, installing wetlands and riparian buffers in between fields and streams (including use of terraced wetlands, in-stream wetlands, etc. in HEL areas), installing drainage management control structures in heavily drained fields, and pioneering innovations, like the 2-stage ditch design used in the St. Joseph to slow waters, increase opportunity for nutrient uptake, and reduce erosion.
- Allowing CRP participants in the Delta to continuously enroll in riparian buffers along channelized blueline streams. Some of these channelized streams are now called ditches and many are high contributors of sediment and nutrients exacerbating the hypoxia problem. FSA should create practice specifications that provide cost-share for grading to lay back banks to the angle of repose in addition to costs of installing appropriate riparian vegetation.
- Creating a continuous enrollment practice, as described above, to create wetlands to intercept and treat drainage water at the end of tile lines.

Our organizations would be happy to support such efforts by providing outreach in our publications and work, CREP development support, and EQIP programming support. We also believe that it is important in the next farm bill for Congress to raise the CRP nationwide acreage cap to provide producers with increased opportunity to restore wetlands and riparian buffers to help address hypoxia in the Gulf of Mexico.

Thank you for considering our comments. We appreciate the opportunity to comment on these important policy questions you have posed that are so vital to shaping the future of the CRP.

Sincerely,