

**HEARING TO REVIEW THE IMPLEMENTATION
OF THE CONSERVATION TITLE OF THE 2008
FARM BILL**

HEARING
BEFORE THE
SUBCOMMITTEE ON CONSERVATION, CREDIT,
ENERGY, AND RESEARCH
OF THE
COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES

ONE HUNDRED ELEVENTH CONGRESS

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**HEARING TO REVIEW THE IMPLEMENTATION
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WEDNESDAY, OCTOBER 7, 2009

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

The Subcommittee met, pursuant to call, at 10:05 a.m., in Room 1300, Longworth House Office Building, Hon. Tim Holden [Chairman of the Subcommittee] presiding.

Members present: Representatives Holden, Herseth Sandlin, Markey, Schauer, Kissell, Boccieri, Costa, Ellsworth, Bright, Murphy, Minnick, Pomeroy, Peterson (*ex officio*), Goodlatte, Moran, Graves, Schmidt, Latta, Luetkemeyer, Thompson, and Cassidy.

Staff present: Christy Birdsong, Claiborn Crain, Nona Darrell, Adam Durand, John Konya, James Ryder, Anne Simmons, April Slayton, Rebekah Solem, Patricia Barr, Tamara Hinton, Josh Maxwell, Pelham Straughn, Jamie Mitchell, and Sangina Wright.

**OPENING STATEMENT OF HON. TIM HOLDEN, A
REPRESENTATIVE IN CONGRESS FROM PENNSYLVANIA**

The CHAIRMAN. This hearing of the Subcommittee on Conservation, Credit, Energy, and Research to review the implementation of the Conservation Title of the 2008 Farm Bill will come to order.

I would like to thank our witnesses and the audience for coming to today's hearing.

This hearing presents an opportunity for Members of this Subcommittee to review how the 2008 Farm Bill conservation programs are being implemented. The farm bill made significant changes to USDA conservation programs, and it is important that we review the progress made so far to ensure that the rules and regulations are following Congressional intent.

Conservation programs are important tools that farmers and ranchers use to protect the environment and address local resource concerns. Since 1985, we have sought to help producers economically and proactively address resource concerns and regulatory burdens. The steps we took in the 2008 Farm Bill continued this tradition and included an historic increase in funding for conservation programs.

Farmers and ranchers have always been the original stewards of the land and continue to be the best advocates for resource con-

servation. We have made great improvements and continue to look for ways to help landowners participate in conservation programs.

All our programs are important, but I would like to highlight two which are popular in my home State of Pennsylvania.

Pennsylvania is a national leader in farmland protection, and it was critical that we improve the Farmland Protection Program. A priority was decreasing the obstacles for producers and making the program as user-friendly as possible. We were also successful in doubling the funding level in this program. We are committed to making sure that these changes are properly implemented, and we will continue to closely watch as the Farm and Ranch Lands Protection Program is rolled out.

Another program area of interest in my home state is the Chesapeake Bay Program. We established this new program to help restoration efforts in the Bay. Agriculture and USDA stand ready to improve water quality and wildlife habitat in the Chesapeake Bay, and I look forward to your comments on that effort.

All our conservation programs are important to producers across the country. Implementing the host of the 2008 Farm Bill conservation programs in a swift and equitable manner is critical, as farmers and ranchers across the country work to produce the safest, most reliable source of food, fiber, and energy, all while addressing different environmental challenges.

I remain committed to working with NRCS and FSA to ensure that the conservation programs are implemented as efficiently as possible, while minimizing burdens on producers.

I look forward to hearing from our witnesses today, and recognize the Ranking Member of the Subcommittee, Mr. Goodlatte.

**OPENING STATEMENT OF HON. BOB GOODLATTE, A
REPRESENTATIVE IN CONGRESS FROM VIRGINIA**

Mr. GOODLATTE. Well, thank you, Mr. Chairman. And thank you for holding today's hearing to review the implementation of the conservation programs in the 2008 Farm Bill.

Our farmers and ranchers, through the assistance and incentives provided by these programs, have voluntarily worked to help reduce soil erosion, increase wetlands, improve water quality, and preserve farmland and wildlife habitat. The environmental gains they have been able to achieve are a testament to our producers, who are truly the most dedicated conservationists.

Congress strengthened its commitment to conservation in the 2008 Farm Bill. The farm bill improved upon existing programs by increasing funding to oversubscribed programs to address backlogs, and by retooling programs to make them more producer-friendly as well as available on a national basis.

The farm bill also created new conservation programs that are aimed at enhancing cooperation and flexibility among producers and conservation organizations in order to target conservation initiatives such as the Chesapeake Bay initiative, which is of great importance to the farmers and ranchers in Virginia.

Virginia's forests are also of great importance to the state and the nation's economy. Forest products, nationally, are valued at over \$22.5 billion annually. In the most recent farm bill, we made great progress in both the conservation and forestry titles to

strengthen programs that helped forest owners supply the nation's wood fiber, clean water, wildlife, and other forest amenities.

CSP, now known as the Conservation Stewardship Program, had implementation problems in the past, which resulted in limiting access to the program to producers in select watersheds. NRCS just completed the first sign-up under the new CSP, and I hope today's testimony will shed light on whether Congress was able to create a program that encourages additional conservation practices on a national basis.

I thank Chairman Holden for holding this hearing. It is vitally important for this Committee to hold the Department accountable for the implementation of these critically important programs. While I think the Department has done an admirable job of getting the rules in place, I do have a number of concerns, especially in certain circumstances where the Department has ignored Congressional intent.

I would like to thank Chief White from the National Resources Conservation Service and Mr. Jonathan Coppess, Administrator of the Farm Service Agency, for being here today to testify on the progress of implementing and managing the conservation programs in the 2008 Farm Bill. And I look forward to your testimony.

The CHAIRMAN. The chair thanks the gentleman and would ask all other Members of the Subcommittee to submit their remarks for the record.

[The prepared statement of Mr. Peterson follows:]

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

Thank you, Chairman Holden and Ranking Member Goodlatte for holding this oversight hearing today. The 2008 Farm Bill added more than \$4 billion in new spending to USDA's conservation programs. Mandatory spending for conservation programs will be \$55.2 billion over the next 10 years. That is a lot of money to manage, and it is our responsibility to be sure that USDA is using that money effectively to protect, improve and expand our nation's natural resources.

The 2008 Farm Bill included improvements to several conservation programs and created new initiatives that USDA must implement. I am particularly interested to hear about the progress being made to implement the reforms we made to conservation programs, including new payment limits for the conservation programs. I also hope our witnesses can tell us what progress is being made to incorporate the changes we made to the Conservation Reserve Program.

Today, we have Dave White with the Natural Resources Conservation Service and Jonathan Coppess with the Farm Service Agency with us to answer questions and provide an update on where USDA stands with implementing the conservation title. Thank you both for being here today, and I look forward to your testimony.

The CHAIRMAN. And we would now like to welcome our witnesses: Mr. Jonathan Coppess, administrator, Farm Service Agency, the United States Department of Agriculture; and Mr. Dave White, chief, Natural Resources Conservation Service, United States Department of Agriculture.

Mr. Coppess, you may begin when you are ready. Thank you.

**STATEMENT OF JONATHAN W. COPPESS, J.D.,
ADMINISTRATOR, FARM SERVICE AGENCY, U.S.
DEPARTMENT OF AGRICULTURE, WASHINGTON, D.C.**

Mr. COPPESS. Thank you.

Mr. Chairman, Mr. Ranking Member, and Members of the Subcommittee, I appreciate the opportunity to review conservation pro-

grams administered by the Farm Service Agency. Today I will update you on the implementation of our conservation programs based on the 2008 Farm Bill.

In general, FSA delivers conservation, commodity, credit, energy and disaster programs. We estimate about \$13.6 billion in net outlays for Fiscal Year 2009, including \$2 billion for conservation programs. Most FSA programs are delivered through a network of 2,200 state and county offices.

The 2008 Farm Bill reauthorized three conservation programs for FSA: the Conservation Reserve Program, the rental contracts under the Grassland Reserve Program, and the Grassroots Source Water Protection Program.

CRP conserves and improves soil, water, and wildlife resources through 10 to 15 year contracts that provide annual rental payments and cost-share assistance to farmers and ranchers. Land enrolled in CRP reduces soil erosion and provides habitat for wildlife.

The 2008 Farm Bill included several changes to CRP. The most significant of those changes was a 32 million acre cap on the aggregate U.S. acreage in the CRP that took effect on October 1st. In an effort to continue environmental benefits on the maximum CRP acres under this new 32 million acre cap, FSA offered extensions in May to 1.5 million acres of the 3.9 million that were set to expire on September 30th. In recent years, USDA has focused on this approach of selectively offering extensions to maximize conservation benefits, allow greater program flexibility, and spread out the overall county office workload.

We start Fiscal Year 2010 with 31 million acres in the CRP. Looking forward, contracts for about 15.4 million acres that are currently enrolled in CRP are scheduled to expire between Fiscal Years 2010 and 2012. However, utilizing a combination of general sign-ups and ongoing continuous sign-ups, we expect to maintain CRP enrollment at or near that 32 million acre cap.

In August 2008, FSA, in consultation with the Office of the Chief Economist, the Office of General Counsel, and U.S. Department of Justice, made the decision to divide implementation of the CRP changes from the 2008 Farm Bill into two regulations: those that require an environmental impact statement and those requiring only an environmental assessment. The EIS process takes about 18 to 24 months, and the EA process, environmental assessment process, involving less scrutiny, takes between 9 and 12 months.

On June 29, 2009, we issued the first rule, implementing the aforementioned changes that required only the environmental assessment. Enrollment for these new practices started in August of 2009. The second part of the CRP regulation, or the second regulation, implements those remaining provisions requiring an EIS. We are currently holding public meetings nationwide, and those will conclude October 9th. The EIS will then be completed in the summer of 2010. We will publish the rule for the rest of the CRP immediately thereafter, and thus implementing all changes from the 2008 Farm Bill.

The Grassland Reserve Program is a voluntary conservation program that emphasizes support for grazing operations and protects grassland under threat of conversion to other uses. Under this program, farmers and ranchers have a choice between receiving a per-

manent easement or long-term rental contracts. GRP is split between FSA and NRCS, with FSA implementing the rental contracts portion and NRCS implementing the easements portion of that program. The GRP provisions of the 2008 Farm Bill have been fully implemented.

Under the Grassroots Source Water Protection Program, FSA works with state rural water associations in 43 states to aid in the prevention of source water pollution. Source water—this program is authorized for up to \$20 million in appropriations by the 2008 Farm Bill. In Fiscal Year 2009, source water was expanded from 38 to 43 states, and the program completed 112 source water plans, with management activities implemented in the source water areas.

The 2008 Farm Bill also authorized a new Voluntary Public Access and Habitat Incentive Program. This program will provide grants to states and tribes to encourage farmers and ranchers to make their private land available for access by the public. Full implementation of the Voluntary Public Access Program has been expedited, and we expect to implement the program in the next several months.

We will also continue to seek ways in which FSA can work alongside NRCS and other USDA agencies, other Federal agencies, and state and local authorities in order to implement conservation programs and improve conservation in general.

Finally, if I can provide a brief update on the CRP payment process that was not in the written testimony that we just got information on recently in the last day or two, this past weekend FSA's IT department processed about 827,000 CRP payments, totaling about \$1.4 billion. Processing through our computer system is the first step in making the payments available by the field offices, which are also following up on a few additional ones that we have to get through the process.

As of yesterday, field offices had signed and approved over 600,000 of these payments, and the Department of Treasury has issued over 400,000 payments to producers, totaling over \$660 million. We should have this process completed by the end of the week and all payments out.

So let me conclude by stating that implementation of the 2008 Farm Bill is a priority of FSA and this Administration. We will continue to work hard every day to ensure program delivery is done right and completed as soon as possible.

So I appreciate the opportunity to testify before this Subcommittee today, and I look forward to working with you, Mr. Chairman and Mr. Ranking Member, and all the Members of the Subcommittee as we continue our hard work to ensure that USDA is responsive to the needs of American agriculture.

This concludes my oral statement. I will be glad to answer any questions that you might have. Thank you.

[The prepared statement of Mr. Coppess follows:]

PREPARED STATEMENT OF JONATHAN W. COPPESS, J.D., ADMINISTRATOR, FARM SERVICE AGENCY, U.S. DEPARTMENT OF AGRICULTURE, WASHINGTON, D.C.

Mr. Chairman, Mr. Ranking Member, and Members of the Subcommittee, I appreciate the opportunity to review conservation programs delivered by the Farm Serv-

ice Agency (FSA). Today I will provide you with a status update on implementation of our conservation programs, focusing on the 2008 Farm Bill. I will also describe how we work with state and local governments and our sister agencies, discuss our accomplishments to date, and conclude by discussing the future of our programs.

FSA's Conservation Programs

FSA delivers conservation, commodity, credit, energy, and emergency disaster programs. Program level funding varies depending upon market and weather conditions as well as new legislation. For Fiscal Years (FY) 2007 and 2008, net spending was \$11.0 billion and \$11.4 billion, respectively. We estimate the level to be \$13.6 billion for FY 2009, including nearly \$2.0 billion for conservation programs. Most FSA programs are delivered through a network of state and county offices that are located in over 2,200 rural counties.

The 2008 Farm Bill re-authorized three FSA-administered conservation programs: the Conservation Reserve Program (CRP), the rental contracts under the Grassland Reserve Program (GRP), and the Grassroots Source Water Protection Program. CRP conserves and improves soil, water and wildlife resources through 10–15 year contracts that provide annual rental payments and cost-share assistance to farmers and ranchers. This program has been in effect since 1985, and as of October 1, 2009, has 31 million acres under contract.

GRP is a voluntary conservation program that emphasizes support for grazing operations and protects grassland under threat of conversion to other uses. Under this program, farmers and ranchers have a choice between receiving a permanent easement or long-term rental contracts. It is jointly implemented by FSA and the Natural Resources Conservation Service (NRCS), with FSA implementing the rental contracts portion and NRCS implementing the easement portion. As of June 30, 2009, a total of 662,217 acres were enrolled in the rental portion of GRP.

The Grassroots Source Water Protection Program is the smallest of these three programs, and uses on-site technical assistance capabilities of state rural water associations to prevent source water pollution. Collaborative teams create operating plans that identify priority areas where local pollution prevention efforts are most needed, and work to develop voluntary measures that producers can install. These voluntary measures range from producers storing herbicides and pesticides in more secure containers to relocating waste lagoons. Currently, 43 states participate in this program.

FSA also is in the process of implementing the Voluntary Public Access and Habitat Incentive Program (Public Access Program), which was newly authorized in the 2008 Farm Bill. This program provides grants to states and Tribes to encourage farmers and ranchers to make private land available for access by the public to engage in wildlife-dependent recreation, including hunting and fishing. We are also implementing farm bill programs authorized under non-conservation titles, but with potential conservation value. Namely, these include the newly-authorized Emergency Forest Restoration Program (EFRP) under the Forestry Title and the Conservation Loan Guarantee Program of the Credit Title, which I will briefly discuss later.

In addition to these programs that appear in the 2008 Farm Bill, FSA administers the Emergency Conservation Program (ECP). ECP provides emergency funding and technical assistance for farmers and ranchers to rehabilitate farmland damaged by natural disasters and for carrying out emergency water conservation measures in periods of severe drought. Funding for ECP is appropriated by Congress. Locally-elected county committees are authorized to implement ECP for all disasters except drought, which is authorized at the national office of FSA.

Background on Recent Program Directions and Implementation of Conservation Title Provisions in the 2008 Farm Bill

The 2008 Farm Bill included several changes to CRP. The most significant of these changes was a 32 million acre cap on aggregate U.S. acreage in the CRP, which took effect last week, on October 1, 2009. Other major changes include expanding Farmable Wetland Program (FWP) eligibility, exempting Conservation Reserve Enhancement Program (CREP) and continuous CRP acres from the county enrollment cap of 25 percent of cropland if the county government concurs, and implementing the new transition incentives for beginning and socially disadvantaged farmers and ranchers programs. This new transition incentives program allows participants to initiate the organic certification process and to make conservation and land improvements before CRP contract expiration if the enrolled land is sold or transferred to a beginning or socially disadvantaged farmer or rancher.

In an effort to continue environmental benefits on the maximum CRP acres under the new 32 million acre cap, FSA offered extensions in May 2009 to 1.5 million acres

of the 3.9 million set to expire on September 30, 2009. These extensions were offered on those acres with the highest environmental benefit—those that fall within the top 30 percent of the environmental benefits index, or have an Erodibility Index of 15 or greater. As of September 29, participants holding contracts on 985,527 acres have accepted this extension offer. We expect this number to increase as county offices update data. Slightly fewer than 3 million acres did not receive an extension offer, or the participants declined the offer they received, and those contracts expired on September 30, 2009.

In recent years, USDA has focused on this approach of selectively offering extensions (and, upon occasion, re-enrollments) to maximize conservation benefits and spread out the associated county office workload (see *figures 1* and *2* for a historical perspective on continuous *versus* general sign-up contracts and enrollment). For example, faced with 16 million acres set to expire on September 30, 2007, and an additional 12 million acres set to expire through 2010, USDA used re-enrollments and staggered contract extensions to spread the expirations out over a longer time period. This approach allows greater flexibility in determining the future of the program and spreads out the workload for our county offices and technical service providers (in particular, the Natural Resources Conservation Service). The last time that USDA had a general sign-up was in 2006.

We start Fiscal Year 2010 with 31 million acres in the CRP—about 2.6 million fewer acres than a year ago. With declining commodity prices for wheat, corn, soybeans and other crops since the highs of 2007 and 2008, interest in CRP enrollment is again accelerating. Looking forward, contracts for about 15.3 million acres currently enrolled in CRP are scheduled to expire between Fiscal Years 2010 and 2012. The President's budget for Fiscal Year 2010 assumes that general sign-ups will be conducted in Fiscal Years 2010–2012. The combination of general sign-ups and ongoing continuous sign-ups are expected to maintain CRP enrollment at, or near, 32 million acres through 2012.

Various continuous sign-up opportunities exist under the CRP, including the State Acres for Wildlife Enhancement (SAFE) program, new conservation initiatives, and various Conservation Reserve Enhancement Program (CREP) projects. These practices generally target smaller parcels of some of the most environmentally fragile land. However, acres in these continuous sign-up practices, added together with general sign-up acres, must total to no more than 32 million acres at any point in time.

I'd like to provide a bit more on how these continuous programs operate. SAFE includes 84 approved projects in 33 states that help restore habitat to benefit a wide range of priority wildlife species, many of which are of great conservation concern due to significant population declines. One of our most successful SAFE projects is the South Dakota Pheasants SAFE, which initially targeted enrollment of 20,200 acres. Its goal is to provide habitat for non-game grassland birds, improve water quality, and reduce soil erosion, as well as increase the overall populations of ring-necked pheasants and other economically significant species, such as sharp-tailed grouse, prairie-chicken, and upland nesting ducks. This SAFE project started in 2008, and reached its enrollment limit within a month; an additional 30,000 acres were added to this SAFE project in 2009.

CREP is a voluntary land retirement program that helps agricultural producers protect environmentally sensitive land, decrease erosion, restore wildlife habitat, and safeguard ground and surface water. A specific CREP project begins when a state, Indian tribe, local government, or local nongovernment entity identifies an agriculture-related environmental issue of state or national significance. These parties and FSA then develop a project proposal to address particular environmental issues and goals. CREP contracts require a 10 to 15 year commitment to keep lands out of production, in return for an annual rental payment and cost-share assistance, and offer additional financial assistance. The Iowa CREP, which I will discuss in a few minutes, is one of our most far reaching and holds promise as a model for CREPs in other states.

This background on the CRP provides the context for our implementation of the 2008 Farm Bill. In an effort to implement program changes as quickly as possible, FSA divided CRP-related changes into two regulations: those that required an Environmental Impact Statement (EIS), and those that required only an Environmental Assessment. EIS process generally takes approximately 18–24 months, while an EA can be done within 9–12 months after funding is available. Both the EIS and EA, to greater and lesser extents respectively, discuss the change and alternative courses of action; the environmental impacts of the proposed action and alternatives; and a listing of agencies and persons consulted.

On June 29, 2009, we issued a rule implementing all changes associated with the second category, those that fell under the EA-associated changes. These include changes to the Farmable Wetlands Program (FWP), which is a voluntary program

under the CRP to restore up to 1 million acres of farmable wetlands and associated buffers by improving the land's hydrology and vegetation. Producers plant long-term, resource-conserving covers to improve the quality of water, control soil erosion, and enhance wildlife habitat. In return, FSA provides FWP participants with rental payments, incentive payments, and cost-share assistance. Contract duration is between 10 and 15 years. The 2008 Farm Bill adds three new FWP practices to this existing program: eligibility for commercial pond-raised aquaculture, flooded prairie farmland, and constructed wetlands. Enrollment for these new practices started in August 2009. To date, we have enrolled 596 acres under the Aquaculture Wetland Restoration practice, and 75 acres under the Flooded Prairie Wetland practice.

In addition to the FWP, the farm bill provided \$50 million cost-share assistance for tree thinning, which helps develop a stronger stand and provides wildlife and other natural resource benefits; refines income limits for program eligibility; and imposes the 32 million acre cap. All of these changes are included in the June 29 regulation.

The "part two" CRP regulation will implement those provisions that require an EIS. These provisions include: updating crop history eligibility to include 4 of the last 6 years between 2002 and 2007; exempting certain Conservation Reserve Enhancement Program (CREP) and continuous CRP acres from the county enrollment cap of 25 percent of cropland; implementing the new transition incentives for beginning, and socially disadvantaged, farmers and ranchers programs; and routine grazing. We are currently holding public meetings nationwide as a first step toward completion of the EIS; they are scheduled to conclude on October 9, 2009. The EIS will be completed in the summer of 2010. We are planning to initiate these changes as soon as the EIS and regulation is completed.

The Public Access Program will provide grants to state and Tribal governments to expand public access opportunities on private lands. As such, it will provide greater public access for outdoor recreation activities, including hunting. FSA has begun developing the regulations and plans to implement the program during 2010.

Work With State, Local, and Interagency Partners

All of FSA's conservation programs have a strong state-local partnership aspect, as I alluded to earlier. For example, our CREP programs are all designed through interaction among state and Federal agencies and conservation partners. The Iowa CREP is a good illustration of a program, designed with various Iowa State and local partners, to address use of the CRP to reduce nutrient loading in the Mississippi River watershed and hypoxia issues associated with the Gulf of Mexico. We are actively working with other states—including Minnesota, Wisconsin, Illinois, Missouri, Arkansas, Kentucky, Louisiana, Indiana, Iowa, Mississippi, Ohio, and Tennessee—to expand the Iowa CREP concept, through the new constructed wetland practice under the FWP, to other watersheds. We have recently been interacting with NRCS about use of constructed wetland catchments to further our joint goals with improving the health of the nation's rivers.

In developing the SAFE program for South Dakota that I described earlier, we worked with both the state government and various conservation groups to develop a successful program facilitating enrollment of land for pheasant hunting. We are entertaining proposals to address at-risk species, such as lesser prairie chicken habitat in Colorado, Oklahoma, New Mexico, Texas, and Kansas. We are working across states and interest groups to facilitate enrollment in the longleaf pine initiative, which establishes incentives for landowners to restore longleaf pine habitat under continuous sign-up. Our upland buffer practice (CP33) has been so successful that FSA is exploring options to expand this initiative.

Virtually all of our programs involve coordination with our sister agencies, such as the NRCS, Forest Service, and Fish and Wildlife Service. NRCS not only helps producers develop conservation plans for producers desiring to enroll in the CRP, but works with us on many state and local issues. We are working with the Fish and Wildlife Service to address concerns about habitat for the lesser prairie chicken and other at-risk species. We are working with land grant universities and the U.S. Geologic Survey to monitor water quality and quantity, both in the Ogallala Aquifer and the Mississippi River Basin. We're working with the Forest Service on bottomland hardwood issues to ensure that producers are using good forestry techniques to establish systems that maximize carbon sequestration and wildlife habitat.

Implementation of Cross-Cutting Programs

In addition to the cross-agency work we do on the conservation front, we find that our programs are increasingly cross-cutting in terms of their direction and underlying aims. Our most recent accomplishment in this area involves the Biomass Crop

Assistance Program (BCAP). On May 5, 2009, the President issued a directive to aggressively accelerate the investment in and production of biofuels. In early June, FSA issued a Notice of Funds Availability for BCAP, meeting the 30 day deadline established by the President. BCAP accelerates investment in the production of biofuels, while promoting conservation principles. BCAP has two components. The first provides matching payments to eligible land owners and operators for eligible material that is sold to a qualified biomass conversion facility for the production of heat, power, bio-based products or advanced biofuels. The second component provides funding for producers of eligible crops of renewable biomass within specified project areas to receive establishment and annual payments.

Interest in BCAP matching payments has been strong. Fifty facilities have been qualified as Biomass Conversion Facilities. These facilities range from a small rural school in Northwestern Montana that uses downed timber and wood residue to provide energy for boilers, to pelletizers that generate fuel for public utility companies. Twenty-five million dollars in funding was made available for matching payments in FY 2009. The first matching payment was issued to a Missouri producer on August 31, 2009.

FSA is also developing a regulation to implement the Emergency Forest Restoration Program (EFRP) under the Forestry Title of the 2008 Farm Bill. We are working together with the Forest Service and NRCS on this program, which provides financial assistance to owners of non-industrial private forest land (rural land with existing tree cover) for measures undertaken to address damage caused by a natural disaster.

Another cross-cutting program is the Conservation Loan Guarantee Program of the Credit Title. This new program helps finance qualifying conservation projects. Based on the statute, all guarantees will be at 75 percent of the loan amount. Applicants must have an acceptable conservation plan that includes the project(s) to be financed. Preference under this program is given to beginning farmer and socially disadvantaged applicants, conversion to sustainable or organic production practices, and compliance with highly erodible land conservation requirements. We anticipate publication of this regulation in the next several months.

Program Accomplishments

USDA conservation programs have had a tremendous beneficial impact upon our nation's land and natural resources. According to the National Resources Inventory, between 1982 and 2003, soil erosion on U.S. cropland decreased 43 percent. Water (sheet & rill) erosion on cropland in 2003 was down from 1.67 billion tons to 971 million tons per year, and erosion due to wind was down from 1.39 billion tons to 776 million tons per year. About 1/3 of the total reduction is attributable to CRP.

As of September 2009, CRP participants have restored more than 2 million acres of wetlands and 2 million acres of riparian buffers. Land enrolled in CRP intercepts or reduces the amount of pollutants leaving the field. Using models developed by the Food and Policy Research Institute (FAPRI), these annual reductions include 221 million tons of sediment, 615 million pounds of nitrogen, and 123 million pounds of phosphorus. CRP is the nation's largest carbon sequestration program on private lands. In 2008, CRP reduced greenhouse gas emissions by an estimated 56 million metric tons. These reductions do not account for potential leakage of agricultural production to non-enrolled lands.

Grass, trees, and wetlands established by CRP benefit numerous wildlife species. Several independent studies have identified benefits to bird populations, including:

- **Prairie Pothole Ducks**—Researchers from the U.S. Fish and Wildlife Service estimate that the CRP contributed to a net increase of about 2 million additional ducks per year (a 30 percent increase in duck production since 1992) in North Dakota, South Dakota, and Northeastern Montana.
- **Ring-Neck Pheasants**—Western Ecosystems Technology, Inc. in a peer reviewed study found that, in prime pheasant habitat, a four percent increase in CRP herbaceous vegetations was associated with a 22 percent increase in pheasant counts.
- **Sage Grouse**—The Washington Department of Natural Resources found CRP enrollment was associated with halting a decline (25 percent between 1970 and 1988) in sage grouse populations.

An increasingly important component of CRP is continuous sign-up, which includes SAFE, CREPs, and the FWP. As of August 2009, there were about 4.4 million acres enrolled in continuous sign-up. These lands have an important CRP contribution. Land in grass filters and riparian buffers (partial field enrollments) intercept sediment, nutrients and other contaminants before they enter waterways. Based on models from a peer reviewed study, FSA estimated 343 million pounds of nitrogen

(56 percent of total N reductions) and 70 million pounds of phosphorus (57 percent of total P reductions) were intercepted by CRP buffers in 2008.

Conclusion

Conservation programs have provided notable achievements in both conserving and protecting our natural resources. The Farm Service Agency will continue to work diligently toward the implementation of all 2008 Farm Bill provisions, including the Conservation Title provisions I have discussed with you today.

I appreciate the opportunity to testify before this Subcommittee today, and I look forward to working with you, Mr. Chairman, Mr. Ranking Member, and all the Members of this Subcommittee as we continue our hard work to ensure that USDA is responsive to the needs of American agriculture. This concludes my statement. I will be glad to answer questions you may have.

ATTACHMENT

Figure 1: "CRP Enrollment at End of Each Fiscal Year (Acres)"

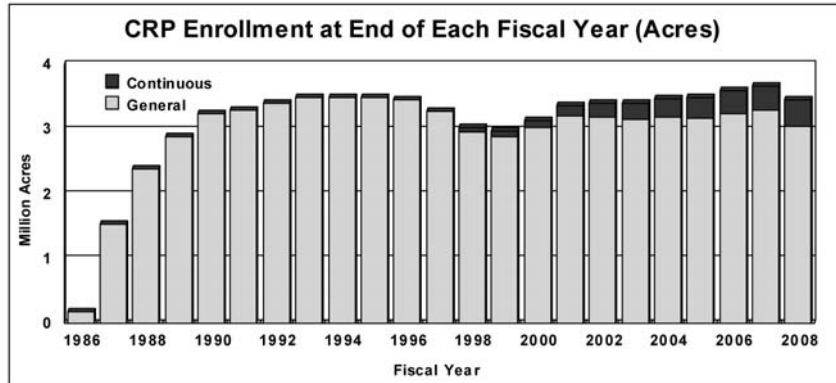
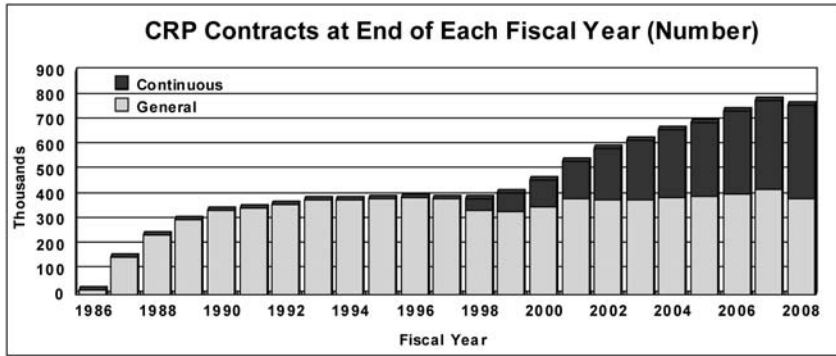


Figure 2: "CRP Contracts at End of Each Fiscal Year (Number)"



The CHAIRMAN. Thank you, Mr. Coppess.
Chief White?

**STATEMENT OF DAVE WHITE, CHIEF, NATURAL RESOURCES
CONSERVATION SERVICE, U.S. DEPARTMENT OF
AGRICULTURE, WASHINGTON, D.C.**

Mr. WHITE. Good morning, Mr. Chairman, Mr. Ranking Member, Members of the Subcommittee.

When I woke up this morning, the first thing that went through my head was the 23rd Psalm, "Yea, though I walk through the valley of . . ." I think to myself, "God, I hope it is not a premonition." But it is a pleasure to be here with you today and visit with you about what we have done with the 2008 Farm Bill.

The conservation title has kept us busy. I am happy to report that we have successfully implemented the new programs. Mr. Goodlatte mentioned the Conservation Stewardship Program. We have made the required changes to the existing programs. And we have also done some stuff internally that I am going to share with you that I think is going to really help the quality of our delivery, and some internal processes that are going to increase our efficiencies.

With respect to the rules and regs, they are all out. I did make several amendments to rules that were published—interim final rules that were published just prior to the end of the previous Administration. And it directly relates to Mr. Goodlatte's concern about Congressional intent. Specifically, the Farm and Ranch Lands Protection Program and Grassland Reserve Program, we pulled that back, particularly over the contingent right of enforcement.

This Committee, the Senate, the conference committee, spent a lot of time trying to figure out what to do with this contingent right of enforcement. And I am happy to say that we have it changed where the acquisition, when we entered into easements, through the Farm and Ranch Lands Protection Program, it does not constitute the Federal acquisition of a Federal property right, which directly relates to the Congressional intent of this Subcommittee.

We made some changes in the Wetland Reserve Program: eliminated some of the provisions that I thought were overreaching into private property rights, and restoring the relationship we used to have with clients.

Moving from the rules—there are other rule amendment examples, too, like EQIP and WHIP, and I can visit with you on those.

Moving to implementation, let's talk a little bit about the Conservation Stewardship Program. Mr. Goodlatte is dead-on. We did have implementation problems with that. We had an IG report. I think I visited with this Subcommittee previously on that.

The new program, the answer to your question, Mr. Goodlatte, is, yes, Congress did make a lot of changes in that, and they have resulted in a program that is much more efficient. It is better. It is going to be simpler to administer, and it is going to be fairer to our producers.

We had the first sign-up; it went from August 10th through September 30th. Started out slow; the end of it, it just exploded with interest. We have 21,000+ applications, and estimating right now

that that would cover about 33 million acres, and that is absolutely huge. We can enroll up to 12.8 million acres.

To tell you the truth, in 2009 we thought the demand would go down for conservation programs because of the overall economic climate, and it didn't. Most programs saw an increase in applications.

Last year wasn't without its challenges, though. There was a delay in getting the online adjusted gross income database, which is what we use to make sure we don't pay somebody who doesn't meet the AGI requirements. That is resolved now. We did some work-arounds in the summer. We now have the database. Our people are plugging it in. Everything should be fine. And it won't be an issue, certainly after November.

I want to talk to you a little bit about some of the internal stuff. And there is one thing that I think is going to knock your socks off. We have a Conservation Streamlining Initiative. And, Members of this Subcommittee, when we get done with this darn thing, we think that we can eliminate 80 percent of the clerical and administrative tasks that our staff currently perform for these farm bill programs. And we think that we can enable our field staff to spend 75 percent of their time in the field with farmers and ranchers instead of sitting behind a computer entering soil data or stuff like that. This is huge. It would just help us so much and mean so much more to the field to be able to get out there. Think about 80 percent—and I think we can pull it off, and I am committed to pulling it off.

We also talked about critical resource concerns, about taking some of these programs—you have given us the tools, you have given us the resources to go after some of these bigger issues. And, frankly, we are using the Chesapeake Bay as a model, on how you guys designed that. And we have just announced one last week or 2 weeks ago, whatever it was, on the Mississippi Basin. We are thinking about doing stuff in the Ogallala. We are thinking about doing stuff out West for the sage grouse.

I think it is time that Agriculture start setting the conservation agenda. We have the tools, we have the money, we have the will for us to set the agenda, rather than let other folks set it and we would be reacting to it.

That concludes my oral statement. I am happy to be here. I would be pleased to answer any questions, Mr. Chairman. Thank you.

[The prepared statement of Mr. White follows:]

PREPARED STATEMENT OF DAVE WHITE, CHIEF, NATURAL RESOURCES CONSERVATION SERVICE, U.S. DEPARTMENT OF AGRICULTURE, WASHINGTON, D.C.

Mr. Chairman and Members of the Subcommittee, thank you for the opportunity to appear before you today to share our experiences in implementing the Conservation Title of the Food, Conservation, and Energy Act of 2008 (Farm Bill). Many observers describe the 2008 Farm Bill as an evolutionary farm bill, incorporating important modifications and improvements over the previous farm bill but not containing revolutionary changes or new approaches. In the Conservation Title, we had plenty of new things to keep us busy over the past year. The 2008 Farm Bill provided \$4.2 billion in new funding for conservation programs over the life of the farm bill. Over $\frac{2}{3}$ of NRCS's annual budget is now mandatory funding, authorized in the farm bill. The bill authorized new programs such as the Conservation Stewardship Program, the Agricultural Water Enhancement Program, and the Chesapeake Bay Watershed Program. It introduced air quality and organic agriculture components

to the Environmental Quality Incentives Program, and made significant operational changes to the Wetlands Reserve Program, the Farm and Ranch Lands Protection Program, and the Cooperative Conservation Partnership Initiative. It also brought the Agricultural Management Assistance Program under the payment eligibility auspices of the farm bill.

As we reflect back on the fiscal year that just ended last week, I am happy to report that NRCS has successfully launched the new programs and implemented the changes to existing programs in the 2008 Farm Bill. We faced obstacles along the way, particularly with changes to the adjusted gross income payment limitation that led to deleterious delays in obligating funding.

Nevertheless, as of September 30, 2009, we obligated 96.3% of the mandatory farm bill funding available for our programs in Fiscal Year 2009. We are also working on finalizing regulations for all farm bill programs. And we launched some initiatives that will improve the agency's capacity going forward, including a renewed focus on the field and an administrative streamlining effort. We also are completing a workforce planning effort to ensure that we have the right people in the right places to optimally serve our customers. We are also initiating new watershed-based conservation efforts in the Chesapeake Bay and Mississippi River basins.

I will go into more detail about our progress in publishing regulations for our farm bill programs. Then I will update where we stand on actual implementation of the programs, before closing with some more about the challenges and opportunities I just mentioned.

Farm Bill Implementation—Regulatory Actions

Just prior to the end of the Bush Administration, NRCS published a number of regulatory documents, updating program rules based on changes in the 2008 Farm Bill. These interim final rules enabled NRCS to implement the programs authorized by the 2008 Farm Bill in Fiscal Year 2009. *Appendix One* is a list of all farm bill regulatory documents published prior to January 20, 2009.

With the change in Administrations, NRCS re-evaluated the published regulations to assess whether the policies were consistent with the Obama Administration's approach to voluntary conservation program delivery. Although NRCS determined it was not necessary to withdraw any of the regulations, we did decide it was necessary to issue critical amendments to several of the interim final rules for financial assistance programs and conservation easement administration.

Our changes restored the appropriate relationship that NRCS has with its partnering entities and with participating landowners and operators. Since the changes addressed the programs' fundamental relationship structure, we determined that these amendments could not wait until we had comprehensively reviewed and responded to public comment in the development of the final rules. The following is a description of the critical amendments:

- Amendments to both the Farm and Ranch Lands Protection Program (FRPP) and the Grasslands Reserve Program (GRP) interim final rules clarified that the contingent right of enforcement, a new right created by changes in the farm bill, did not trigger Federal real property acquisition requirements. In the original interim final rules for these programs, NRCS held that the contingent right of enforcement triggered Federal real property acquisition requirements, such as the Department of Justice title standards. This interpretation appeared counter to the financial assistance relationship intended by Congress when NRCS contributes funds towards the purchase of an easement to be held by a non-Federal entity.
- A June 2009 amendment to the Wetlands Reserve Program (WRP) interim final rule re-established the operational relationship between NRCS and its clients. The January interim final rule introduced several overly burdensome responsibilities upon landowners and hindered the agency's ability to complete restoration activities on all its easement lands. In particular, the rule placed responsibility for full wetlands restoration on the landowner and considered a landowner in violation if the property was transferred to a new landowner prior to completion of the restoration activities. These new provisions were not necessitated by the 2008 Farm Bill and created a tone counter to the assistance nature of the program. The June amendment to the interim final rule reaffirmed NRCS's commitment to ensuring that all lands enrolled in WRP are restored and protected for the duration of the easement period.
- Amendments that adjusted the land eligibility criteria for both the Environmental Quality Incentives Program (EQIP) and the Wildlife Habitat Incentive Program (WHIP) were issued after we determined that the interim final rules unnecessarily restricted landowners and operators from obtaining assistance on

their entire operation. These restrictions were preferences of the previous Administration and not required by the 2008 Farm Bill. The EQIP amendment published in May 2009 re-established policy to enable producers who lease public lands to use EQIP funds on their whole operation. The WHIP amendment published in July 2009 expanded the definition of agricultural lands to enable participants to obtain WHIP funding on agricultural production lands and on those lands capable of being used for production. The WHIP interim final rule had limited the use of funds just to lands in agricultural production.

Appendix Two is a complete list and description of regulatory documents published since January 20, 2009. With the publication of each of these amendments, NRCS requested new public comment on the interim final rules. We have been collecting and analyzing the comments not just for the amended rules but for all of the interim final rules published for our farm bill programs. *Appendix Three* is a schedule for completion of the final rules for all of the programs.

2008 Farm Bill Conservation Program Implementation

NRCS offers programs that provide financial and technical assistance to eligible producers for implementation of approved conservation practices and enhancements on private agricultural lands, non-industrial forestlands, and tribal lands. Financial assistance programs include: the Environmental Quality Incentives Program, the Wildlife Habitat Incentive Program, the Agricultural Management Assistance (AMA) Program, the Conservation Security Program (CSP), and the Conservation Stewardship Program. Efforts authorized as part of EQIP include: Conservation Innovation Grants (CIG), the Cooperative Conservation Partnership Initiative (CCPI), the Agricultural Water Enhancement Program (AWEP), the Organic Program Initiative, and the Air Quality Initiative.

Beyond financial assistance programs, the 2008 Farm Bill maintained easement programs as a key component of NRCS's portfolio of conservation programs. NRCS's easement programs are: the Farm and Ranch Lands Protection Program (FRPP), the Grassland Reserve Program (GRP), the Wetland Reserve Program (WRP), the Wetland Reserve Enhancement Program (WREP) and the Healthy Forests Reserve Program (HFRP).

A number of the financial assistance programs and initiatives listed above were new in the 2008 Farm Bill, including the Conservation Stewardship Program, CCPI, AWEP, the Chesapeake Bay Watershed Program, HFRP, the Organic Program Initiative, and the Air Quality Initiative. These new efforts drew impressive producer interest and application numbers. We also used EQIP and AWEP authority to offer another new initiative—funding for the construction of ring dikes in Minnesota and North Dakota. Ring dikes constructed around farm operations greatly improve water quality by avoiding the runoff of agricultural waste and chemicals into watersheds in flood prone areas.

The 2008 Farm Bill authorized the new Conservation Stewardship Program, an update on the old Conservation Security Program. The 2008 Farm Bill made a number of improvements to the old program that will expand the program's availability, enhance its environmental effectiveness, and improve financial accountability and field verification of producer accomplishments. NRCS initiated the first nationwide continuous sign-up for the new CSP on August 10, 2009, with a September 30, 2009 cutoff date. During this initial ranking period, NRCS received 21,281 applications covering an estimated 33 million acres. The acreage is just an estimate at this time, we will have firm numbers on November 1, 2009. We are currently processing and reviewing and ranking applications in preparation for awarding contracts.

Following is a summary of Fiscal Year 2009 implementation of NRCS financial assistance programs:

Program FY 2009 Implementation Highlights as of October 1, 2009

Summary of Financial Assistance Programs FY 2009 Program Implementation

Program	Number of Applications	Number of Contracts	Obligation Amount	Allocation Amount	Percent Obligated	Acres
EQIP (all)	106,384	31,965	\$731,099,112	\$740,784,201	98%	10,003,583
CIG	390	55	\$18,400,000	\$20,000,000	92%	N/A
Organics	1,745	1,203	\$30,122,668	\$50,000,000	60%	N/A
Air Quality	1,638	888	\$24,667,849	\$24,184,385	98%	N/A
Ring Dikes (EQIP)	254	113	\$5,291,682	\$5,674,602	93%	N/A
Ring Dikes (AWEP)	23	20	\$955,429	\$1,382,400	69%	N/A
AWEP	3,807	1,704	\$60,385,178	\$61,229,000	99%	488,380
Ches. Bay	2,037	826	\$18,592,739	\$18,800,000	99%	110,327

Summary of Financial Assistance Programs FY 2009 Program Implementation—Continued

Program	Number of Applications	Number of Contracts	Obligation Amount	Allocation Amount	Percent Obligated	Acres
WHIP	7,353	3,706	\$52,018,780	\$54,564,896	95%	812,496
AMA	566	214	\$6,179,956	\$6,108,019	99%	13,874
CSP (Security)	N/A	20,683	\$246,140,247	\$250,249,035	98%	17,413,831
CSP (Stewardship)	21,281	TBD	TBD	TBD	TBD	TBD
WRP	1,146	840	\$404,611,000	\$449,491,000	90	150,000
FRPP	1062	354	\$112,915,000	\$113,439,000	99.5	78,888
HFRP	94	8	\$1,256,457	8,055,000	16	810
GRP Easement only	444	72	\$24,703,705	\$24,724,200	99	56,689

Sources—EQIP through CSP: ProTracts, as of October 1, 2009.

WRP through GRP: USDA's Foundation Financial Information System, as of Oct. 1, 2009.

The 2008 Farm Bill made a major operational modification to FRPP, changing it from a land acquisition program to a cost-share program. While we were able to deliver the program in its new form successfully and obligate the full FRPP allocation, we continue to review its administration and look for ways to improve our delivery of FRPP.

The 2008 Farm Bill increased the maximum enrollment in WRP to 3,041,200 acres. To date, NRCS has enrolled approximately 2,175,000 acres in the program, nearly 150,000 acres of which were enrolled during FY 2009. To meet the total enrollment, NRCS will need to accelerate its efforts and enroll about 300,000 acres each year through Fiscal Year 2012. In recognition of the challenge and opportunity that this presents, we have convened a group of State Conservationists, Assistant State Conservationists, and contracting personnel to improve and expand our enrollment and restoration capacity. This group is charged with developing an implementation plan to reach the maximum enrollment authorized in the 2008 Farm Bill.

Two other significant changes to WRP were included in the 2008 Farm Bill. It authorized a 30 year contract option for acreage owned by Indian tribes, which provides for broader program participation by Tribes. The 2008 Farm Bill also introduced the Reserved Rights Grazing Pilot under WREP.

For GRP, the total acreage enrolled under the 2002 Farm Bill was 725,352 acres. The 2008 Farm Bill changed GRP to an acreage-based program and authorized enrollment of an additional 1,220,000 acres through 2012, bringing the total acreage goal to 1,945,352. For Fiscal Year 2009, NRCS obligated 99 percent of the total program allocation of \$48 million. Approximately 72 participants enrolled 56,689 acres in GRP easements. An estimated 100,000 acres were enrolled as rental contracts. The remaining 1,063,311 acres will be enrolled through Fiscal Year 2012.

Going into Fiscal Year 2009, we harbored concerns that demand for our conservation program assistance may decline, given a national economy in recession and new program rules for farmers and ranchers to become accustom to. I can report, however, that we have not seen any measurable decrease in demand. In fact, for nearly all programs, there was an increase in applications compared to Fiscal Year 2008. We believe this is an indicator of the continued success and popularity of a voluntary approach to private lands conservation.

Program-by-program information on 2008 Farm Bill implementation is included in *Appendix Four*.

Assistance to Beginning and Socially Disadvantaged Farmers and Ranchers

I am pleased to report that of the Fiscal Year 2009 funds made available for EQIP, we met or exceeded the five percent targets established in the farm bill for both beginning and socially disadvantaged farmers and ranchers. And although the final sign-up results are not yet known, I am confident that we will achieve the national five percent targets established in 2009 CSP acres and associated funds for beginning and socially disadvantaged farmers or ranchers, as well.

Both programs utilized separate application pools and increased outreach efforts, including advertisements through newspapers, magazines, local publications, radio, personal contacts, meetings, newsletters, churches, organizations, and community advocacy groups. National information products were developed to assist in distributing information at the state and field levels.

NRCS will continue to build upon the successes we have achieved and seek additional ways to improve access and equity to programs for historically underserved farmers and ranchers. In 2009, we established additional set-asides in other programs besides EQIP and CSP. As of September 24, 2009, with more than 97 percent of the program sign-up completed, we know:

- For socially disadvantaged farmers and ranchers, the following percentages of funds were obligated: EQIP—6%; AMA—13%; AWEP—5%; and WHIP—8%.
- For beginning farmers and ranchers, the following percentages of funds were obligated: EQIP—15%; AMA—19%; AWEP—9%; and WHIP—11%.

Farm Bill Implementation Challenges

Implementation of the 2008 Farm Bill in Fiscal Year 2009, while ultimately broadly successful, was not without its challenges. Chief among these was the delayed completion of the adjusted gross income (AGI) limitation web service that significantly hampered our ability to make conservation program payments to producers. In addition, we received the results of an USDA Office of Inspector General (OIG) audit of the old Conservation Security Program. OIG's findings, and our corrective actions to address the findings, led to additional workload on our state and field office personnel.

Adjusted Gross Income Limitation Tool

The 2008 Farm Bill provided new requirements for adjusted gross income (AGI) that required changes to the existing AGI web service that is used to determine of program participant eligibility and related commensurate payment reduction, as determined by membership attribution. Given the complexity of the changes needed to be made to the AGI web service, the Department was unable to launch the updated service in Fiscal Year 2009. The unavailability of the web service created a challenging situation for NRCS as we scrambled to develop interim solutions.

Upon realizing that the AGI web service would be unavailable for payments to be made in Fiscal Year 2009, we worked to create temporary protocols to help us electronically determine the conservation AGI eligibility for AMA, FRPP, EQIP, WHIP, and WRP. This allowed us to begin making the majority of payments on prior year contracts in June 2009.

Fiscal year 2009 EQIP contracts presented additional complications because of the differences between the program payment limitations under the 2002 and 2008 Farm Bills. We developed another temporary workaround that allowed us to begin making payments on new EQIP contracts in late August. Since then, we have been able to make payments to producers on both old and new contracts for all of our financial assistance programs. NRCS has nearly synchronized the recently completed AGI web service into its systems. It will be available soon for the processing of Fiscal Year 2010 payments.

Conservation Security Program OIG Audit

In Fiscal Year 2006, OIG conducted an audit concerning NRCS administration of the Conservation Security Program. The audit assessed whether NRCS properly determined participant and land eligibility; effectively handled the sign-up, application, evaluation, and approval processes; accurately calculated program payments; and successfully prevented producers from receiving payments from multiple Conservation Security Program contracts.

At the conclusion of the audit, OIG made the following recommendations to NRCS:

- Improve program design and controls in future sign-ups.
- Review all current Conservation Security Program contracts to validate program eligibility and payment accuracy and take appropriate action in accordance with NRCS policy.
- Review the agricultural operation delineation determinations on all current Conservation Security Program contracts and take appropriate action in accordance with NRCS policy.
- Obtain from ProTracts a list of participants that are receiving payments on multiple contracts and take corrective action in accordance with NRCS policy.

NRCS has taken the following aggressive actions in order to address the OIG recommendations:

- Implemented improvements in program design and controls in the Conservation Security Program 2008 sign-up that are also being used in the new Conservation Stewardship Program.
- Set a deadline of September 30, 2009 for a complete review of all active Conservation Security Program contracts. Qualified NRCS personnel from outside the contract location reviewed all contracts. Corrective action on any improper contracts will be completed by December 31, 2009. No Fiscal Year 2010 payments will be made on improperly developed contracts until corrective actions have been completed.

- Developed a nationally consistent audit tool to determine deficiencies in contracts and needed corrective actions.

We are confident that these actions and the improved business tools incorporated into the new Conservation Stewardship Program will eliminate the types of errors identified in the OIG audit of the Conservation Security Program.

Looking Ahead

With the 2009 Fiscal Year having drawn to a close, NRCS has turned its attention to 2010. Implementation of the 2008 Farm Bill will continue unabated. We will publish final rules for all of our conservation programs. We will award the first Conservation Stewardship Program contracts. We will also be evaluating the first year of implementation for new programs and initiatives and making adjustments.

Along with all of these important activities, I'd like to discuss some innovative efforts that we have embarked upon to renew our commitment to improving the delivery of our programs and the quality of our environmental outcomes.

Conservation Delivery Streamlining

In early 2009, NRCS began an agency-wide effort to create and implement a more effective, efficient, and sustainable business model for delivery of science-based conservation assistance. Called the National Conservation Delivery Streamlining Initiative (NCDSI), the effort focuses on increasing the time NRCS employees spend in the field working with farmers and ranchers.

The NCDSI has two key objectives: (1) reduce administrative and clerical workload on field staff by 80 percent; and (2) enable field staff to spend 75 percent of their time in the field.

To achieve these objectives, we are redesigning our tools, processes, and staffing structure to strengthen our technical expertise and to make smarter use of information technology. We will employ the following major strategies to ensure conservation assistance processes are fully integrated agency-wide:

- We will clearly define and streamline the processes we use to provide conservation assistance to producers.
- We will make sure the technology we provide to our field staff better supports the work they do.
- We will provide our planners and technical staff with the science, data, and technology they need for conservation planning and application.
- We will use alternative approaches to staffing and financial assistance program delivery that are more efficient and enhance customer service.

We will begin implementing the NCDSI in 2010 with an expected completion date of 2015.

Landscape Conservation

NRCS understands that in some cases, "random acts of conservation" have not sufficed to address critical resource concerns at a landscape scale. We are committed to working in a targeted fashion across landscapes, watersheds and ecosystems to get address environmental concerns that have been identified as national priorities. In addition to existing efforts such as the Chesapeake Bay Watershed Program, the Colorado Salinity Program, and the California Air Shed effort in the San Joaquin Valley, following are two examples of new landscape-scale initiatives for Fiscal Year 2010:

Mississippi River Basin Healthy Watersheds Initiative (MRBI)

On September 24, Secretary Vilsack announced the MRBI, a new targeted effort to address resource concerns, **including water quality and wildlife habitat, in the Mississippi River Basin.** MRBI will help agricultural producers implement conservation and management practices that avoid, control, and trap nutrient runoff. The initiative is performance oriented, which means that measurable conservation results are required in order to participate. By focusing on priority watersheds in these 12 states in the basin, USDA, its partner organizations, state and local agencies, and agricultural producers will coordinate their resources in areas requiring the most immediate attention and offer the best return on the funds invested.

In addition to other Federal, state, and partner funding, NRCS is targeting \$80 million annually over the next 4 years through CCPI, CIG, and WREP. These funds are in addition to other NRCS program funding and assistance such as Environmental Quality Incentives Program, Wildlife Habitat Incentives Program, and the Conservation Stewardship Program. The MRBI will be available in Arkansas, Kentucky, Illinois, Indiana, Iowa, Louisiana, Minnesota, Mississippi, Missouri, Ohio, Tennessee, and Wisconsin.

MRBI will focus on eight-digit or smaller hydrologic units (watersheds) that contribute high loads of nutrients in the Mississippi River Basin. Priority watersheds for the initiative will be identified by NRCS in consultation with conservation partner organizations and State Technical Committees. Watersheds will be selected using an evaluation process that will include information from the Conservation Effects Assessment Project, the USGS Spatially Referenced Regression on Watersheds Attributes, state-level nutrient reduction strategies and priorities, and available monitoring and modeling of nitrogen and phosphorus levels in the Basin. Using this watershed evaluation process will ensure water quality and nutrient issues are improving as part of MRBI.

Great Lakes Restoration Initiative

To accelerate the restoration of the Great Lakes, the President's FISCAL YEAR 2010 budget includes a new \$475 million interagency Great Lakes Restoration Initiative (GLRI) to address issues that affect the Great Lakes, such as invasive species, non-point source pollution, and toxics and contaminated sediment. The GLRI, administered by the Environmental Protection Agency, builds upon 5 years of work of the Great Lakes Interagency Task Force and stakeholders, guided by the Great Lakes Regional Collaboration Strategy. If funded at \$475 million, NRCS' provisional allocation of \$33.6 million will help address non-point source pollution, invasive species, and habitat resource concerns. The Interagency Task Force is currently working on a comprehensive Great Lakes Multi-year Restoration Action Plan advances the GLRI by strategically identifying yearly goals, objectives and targets for programs and projects to focus on the most significant environmental problems in the Great Lakes ecosystem.

Conclusion

Thank you for the opportunity to describe our successes and challenges in implementing the Conservation Title of the Farm Bill. We look forward to building upon the successes and meeting the challenges to improve the technical and financial assistance that we provide to the nation's farmers and ranchers in 2010. I am happy to respond to any questions at this time.

APPENDIX ONE

2008 Farm Bill Implementation

Regulatory and Other Documents Published Before January 20, 2009

Agricultural Management Assistance (AMA) Program Interim Final Rule: published in the *Federal Register* on November 20, 2008.

Chesapeake Bay Watershed Notice of Availability of Funds: published in the *Federal Register* on January 22, 2009—implemented through EQIP

Conservation Innovative Grants (CIG) Notice of Availability of Funding: published in *Grants.gov* January 16, 2009

Environmental Quality Incentives Program (EQIP) Interim Final Rule: published in the *Federal Register* on January 15, 2009

Farm and Ranch Lands Protection Program (FRPP) Interim Final Rule: published in the *Federal Register* on January 16, 2009

Healthy Forests Reserve Program (HFRP) Proposed Rule: published in the *Federal Register* on January 14, 2009

Regional Equity (RE) Interim Final Rule: published in the *Federal Register* on January 13, 2009

State Technical Committee (STC) Interim Final Rule: published in the *Federal Register* on November 25, 2008

Technical Service Provider Assistance (TSP) Interim Final Rule: published in the *Federal Register* on January 16, 2009

Wetlands Reserve Program (WRP) Interim Final Rule: published in the *Federal Register* on January 15, 2009

Wildlife Habitat Incentive Program (WHIP) Interim Final Rule: published in the *Federal Register* on January 16, 2009

APPENDIX TWO

2008 Farm Bill Implementation

Regulatory Documents Published After January 20, 2009

Agricultural Management Assistance Program; Correction—Corrects the application of payment limitation provisions as they apply to joint operations. This document did not reopen the public comment period.

Status: Published March 12, 2009

Public comment period closed January 20, 2009

Agricultural Water Enhancement Program Notice of Request for Proposals; reopening and extension of proposal submission deadline—original deadline March 2; new deadline April 1.

Status: Published March 26, 2009

Conservation Practice Technical Assistance Notice with Request for Comment—The 2008 Act, requires that NRCS: (1) review conservation practice standards, including engineering design specifications, in effect on June 18, 2008; ensure the completeness and relevance of the standards to local agricultural, forestry, and natural resource needs; and ensure that the standards provide for the optimal balance between meeting site-specific conservation needs and minimizing risks of design failure and associated costs of construction and installation. NRCS conducted an internal review of the conservation practice standards and met with various stakeholder groups to obtain their input about how to improve the completeness and relevance of the standards. This notice provides the results of the preliminary review to the public and requests comments about how to improve the conservation practice standards.

Status: Published June 12, 2009

Public comment period was opened for 60 days from date of publication then reopened for an additional 30 days to September 14, 2009.

Conservation Stewardship Program (CSP) Interim Final Rule with Request for Comment

Status: Published July 29, 2009

Public comment period is open through October 28, 2009

Cooperative Conservation Partnership Initiative (CCPI) Notice of Request for Proposals; Request for public comment

Status: Published March 10, 2009

Deadlines: Public comment by April 8th; Proposal submission by April 23rd

Environmental Quality Incentives Program; Correction, request for comment and extension of public comment period—Corrects the application of payment limitations as they apply to joint operations and seeks public comment on using EQIP for furthering the nation's efforts with renewable energy production and energy conservation, climate change mitigation and facilitating adaptation, and carbon sequestration.

Status: Published March 12, 2009

Public comment period extended to April 17, 2009

Environmental Quality Incentives Program Interim Final Rule Amendment—This document reestablishes policy that enables certain producers, who lease public lands, to be able to use EQIP funds on the public lands.

Status: Published May 29, 2009

Public comment period opened through June 29, 2009. Submitted comments are limited to contents of the amendment.

Farm and Ranch Lands Protection Program; Interim Final Rule amendment and extension of public comment period—This document clarifies the “contingent right of enforcement” and reopens the public comment period through August 3. In addition, NRCS is incorporating preamble language that seeks public input on how FRPP can be used to further the nation's interest in renewable energy production, energy conservation, carbon sequestration and mitigating climate change and facilitating climate change adaptation.

Status: Published July 2, 2009

Grassland Reserve Program Interim Final Rule: Approved for publication during the Bush Administration and published in the *Federal Register* January 21, 2009.

Grassland Reserve Program; Interim Final Rule amendment and reopening of public comment period—This amendment clarifies the “contingent right of enforcement” language, removes the prohibition of producing energy for off farm use, and reopens the public comment period for 30 days from date of publication. In addition, NRCS is incorporating preamble language that seeks public input on how GRP

can be used to further the nation's interest in renewable energy production, energy conservation, carbon sequestration and mitigating climate change and facilitating climate change adaptation.

Status: Published on August 21, 2009

Public comment period is open to September 21, 2009

Healthy Forests Reserve Program; Reopening and extension of public comment period

Status: Published February 18, 2009

Public comment period extended from February 13, 2009, to March 20, 2009

State Technical Committees Notice of Standard Operating Procedures with Request for public comment—The 2008 Act requires the Secretary to develop standard operating procedures to standardize the operation of State Technical Committees.

Status: Published April 7, 2009

Public comment period closed June 8, 2009. This document will be incorporated into the NRCS directives system.

Wetlands Reserve Program; Interim Final Rule Amendment and reopening of public comment period—This amendment ensures NRCS is able to restore all lands enrolled in the program despite events subsequent to enrollment, corrects the eligibility criteria related to closed basin lakes and potholes, and notifies the public of the agency's continued dedication to proactive restoration. This document reopens the public comment period.

Status: Published June 2, 2009

Public comment period opened through July 2, 2009

Wildlife Habitat Incentive Program; Correction, request for comment and extension of public comment period—Corrects the application of payment limitations as they apply to joint operations and seeks public comment on using WHIP for furthering the nation's efforts with renewable energy production and energy conservation, climate change mitigation and facilitating adaptation, and carbon sequestration.

Status: Published March 12, 2009

Comment period extended to April 17, 2009

Wildlife Habitat Incentives Program Interim Final Rule amendment—This document expands the definition of agricultural lands to enable producers to enroll all lands included in their farming operation. The Interim Final Rule limited application to lands that were used for production.

Status: Published July 15, 2009

Comment period reopened until August 14, 2009 Public comments limited to the definition of agricultural land.

APPENDIX THREE

2008 Farm Bill Implementation

Final Rule Completion Schedule

The following final rules are tentatively scheduled to be published by the end of the first quarter of Fiscal Year 2010:

Agricultural Management Assistance Program (AMA)

Regional Equity (RE)

State Technical Committees (STC)

Technical Service Provider Assistance (TSP)

The following final rules are tentatively scheduled to be submitted for OMB review by the end of the first quarter of Fiscal Year 2010:

Environmental Quality Incentives Program (EQIP)

Farm and Ranch Lands Protection Program (FRPP)

Grassland Reserve Program (GRP)

Healthy Forests Reserve Program (HFRP)

Wetlands Reserve Program (WRP)

Wildlife Habitat Incentive Program (WHIP)

The CSP Final Rule is scheduled for completion in early 2010.

APPENDIX FOUR

Program-by-Program Review of 2008 Farm Bill Implementation

Environmental Quality Incentives Program (EQIP)

As indicated above, the 2008 Farm Bill introduced or continued a number of distinct components to EQIP. Each of these components is treated separately below. The base EQIP program offers contracts with a minimum term that ends 1 year after the implementation of the last scheduled practices and a maximum term of 10 years. These contracts provide financial assistance to implement conservation practices. Owners of land in agricultural production or persons who are engaged in livestock or agricultural production on eligible land may participate in the EQIP program. Program practices and activities are carried out according to an EQIP program plan of operations developed in conjunction with the producer that identifies the appropriate conservation practice or measures needed to address the resource concerns. The practices are subject to NRCS technical standards adapted for local conditions.

Changes to EQIP in the 2008 Farm Bill allowed us to place additional emphasis on private non-industrial forest land. We encouraged owners of this land type to participate in EQIP to develop forest management plans and to implement forestry practices to increase conservation efforts on these lands.

We successfully obligated nearly the entire EQIP allocation of \$1.067 billion for Fiscal Year 2009 (a small amount was retained for future cost overruns). Nationwide, we received 106,384 applications and approved 30,965 as contracts. These contracts represent 11,651,207 acres. As required by the farm bill, 60 percent of EQIP funding is used for livestock-related practices.

EQIP Conservation Innovation Grants

Conservation Innovation Grants was first authorized in the 2002 Farm Bill as a component of EQIP. Through CIG, EQIP funds are used to award competitive grants to non-Federal governmental or non-governmental organizations, federally-recognized Indian tribes, or individuals. Applications are accepted from all 50 states, the Caribbean Area (Puerto Rico and the Virgin Islands), and the Pacific Islands Area (Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands). Selected applicants may receive grants of up to 50 percent of the total project cost. Applicants must provide non-Federal funding for at least 50 percent of the project cost, of which up to ½ (25 percent of the total project cost) may come from in-kind contributions.

On January 16, 2009 NRCS announced the availability of \$20 million for the national-level CIG in Fiscal Year 2009. Four separate categories were offered—"Natural Resources," "National Technologies," "Grant Leveraging," and "Chesapeake Bay Watershed." Over 390 proposals were received, a record number. Fifty-five applications were selected for awards. An additional \$5.5 million was made available by states for state-level CIG awards. Since 2004, NRCS has awarded \$108 million to 316 projects through CIG.

EQIP Organic Program Initiative

The 2008 Farm Bill included authority for use of EQIP to help organic growers farm under the standards of the National Organic Program (NOP). The Organic Program Initiative makes available financial and technical assistance to help producers, both those transitioning to organic production and those already certified as organic, meet their conservation goals. As of September 9, 2009, there were 1201 approved contracts for Fiscal Year 2009 under this initiative, and approximately \$30,280,294 had been obligated. Another sign-up period will be held in the beginning of Fiscal Year 2010.

EQIP Air Quality Initiative

The 2008 Farm Bill authorized NRCS to provide eligible producers with technical and financial assistance to address air quality challenges through EQIP. Funds are used to address the primary air quality natural resource concerns associated with Environmental Protection Agency (EPA) "non-attainment" areas for the ambient air quality standards of: particulate matter 2.5, particulate matter 10, and 8 hour ozone.

Just over \$24 million was obligated to producers through this new initiative in Fiscal Year 2009. Out of nearly 1,600 applications were submitted, 900 contracts were approved.

Chesapeake Bay Watershed Program

The 2008 Farm Bill authorized the Chesapeake Bay Watershed Program (CBWP) to protect and restore the health, heritage, natural resources, and social and economic value of the nation's largest estuarine ecosystem. The CBWP funding—\$23 million in EQIP funds for Fiscal Year 2009—is used to improve water quality and conserve water quantity while restoring, enhancing, and conserving soil, air, and related resources. As of September 30, 2009, we obligated 95 percent of the \$23 million available for Fiscal Year 2009.

As of August 31, 2009, in this first year of the initiative, over 765 contracts were developed with farmers to install a variety of pre-selected conservation practices such cover crops, conservation tillage, buffer and filter strips, stream bank fencing, grassed waterways, nutrient management, and tree planting. These contracts cover more than 98,000 acres of farmland. NRCS is focusing CBWP funding on legislatively mandated (by the 2008 Farm Bill) river basins (Susquehanna, Shenandoah, Potomac, and Patuxent Rivers) and other high-priority sub-watersheds. These sub-watersheds were selected based on nitrogen, phosphorous, and sediment loads delivered to the Bay; stream impairment; partner resources; and ability to demonstrate results.

EQIP Ring Dike Initiative

In an effort to improve water quality in flood prone areas in Minnesota and North Dakota, NRCS allocated \$5.7 million through EQIP and \$1.4 million through AWEF for installation or enhancement of ring dikes around farmsteads. Ring dikes are earthen structures that protect the farmstead from overland flooding, reducing the potential for chemical, hydrocarbon, and agricultural wastes to enter flood waters.

The sign-up for this special initiative was conducted between June 15 and July 15, 2009. Agricultural producers were eligible to receive up to 75 percent of the cost of building the dike to protect their farmstead. Beginning, limited resource, and socially disadvantaged farmers were eligible to receive up to 90 percent of the cost of dike installation.

For the EQIP funding, 254 applications were submitted, 113 of which were approved as contracts. For AWEF, there were 23 applications, 20 of which were approved as contracts.

Conservation Activity Plans Pilot

The 2008 Farm Bill provides authority to use EQIP financial assistance for payment of practices and conservation activities involving the development of plans appropriate for the eligible land of a program participant. Specifically, NRCS is authorized to use EQIP for the development of comprehensive nutrient management plans and other plans that further the purposes of the program. EQIP payments are made directly to program participants for development of approved conservation plans by certified technical service providers (TSPs).

For Fiscal Year 2009, NRCS approved the use of 12 types of CAPs on a pilot basis in volunteering states. The pilot volunteer states are: Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Idaho, Illinois, Indiana, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, New Hampshire, New Mexico, New York, North Dakota, Ohio, Oregon, Pennsylvania, Rhode Island, South Dakota, Tennessee, Texas, Utah, Vermont, West Virginia, and Wyoming.

An evaluation of Fiscal Year 2009 effort will be conducted and results of this evaluation will be used to improve and expand the CAP initiative for Fiscal Year 2010.

Conservation Activity Plans	# of States Piloting
Comprehensive Nutrient Management Plan	18
Forest Management Plan	24
Grazing Management Plan	10
Integrated Pest Management Plan	4
Irrigation Water Management Plan	8
Agricultural Energy Management Plan	8
Comprehensive Air Quality Management Plan	0
Drainage Water Management Plan	1
Conservation Plan Supporting Transition from Irrigation to Dry-land Farming Plan	1
Conservation Plan Supporting Organic Transition	15
Fish and Wildlife Habitat Management Plan	4
Pollinators Habitat Conservation Plan	0

Cooperative Conservation Partnership Initiative

Authorized in the 2008 Farm Bill, CCPI is a voluntary conservation initiative through which NRCS enters into partnership agreements with eligible entities that

want to enhance focused conservation efforts on agricultural lands, nonindustrial private forestlands, and Tribal lands. Eligible producers, who participate in a project area identified in an approved partner agreement, may apply for program assistance. Eligible programs include EQIP, WHIP, and CSP.

CCPI gives NRCS another mechanism to bolster locally-led conservation. For the pilot year of CCPI in Fiscal Year 2009, NRCS set aside six percent of both WHIP and EQIP funds for implementation of CCPI. In Fiscal Year 2010, in addition to WHIP and EQIP funds, six percent of CSP acres will be set aside for participation in the CCPI program.

Agricultural Water Enhancement Program

AWEP is a voluntary conservation initiative that provides financial and technical assistance to agricultural producers to implement agricultural water enhancement activities for the purposes of conserving surface and ground water and improving water quality. As part of EQIP, AWEP operates through contracts with producers to plan and implement conservation practices in project areas established through partnership agreements that work to leverage partner resources with NRCS funding.

AWEP represents a new operational concept and a new way to work with partners. We believe that this initial year was very successful. 3,828 applications were submitted, of which 1,380 covering 378,535 acres were approved as contracts. In response to concerns voiced by some program applicants, we intend to establish a team to review the Fiscal Year 2009 implementation of AWEP. Recommendations from this team will be used to improve the program for Fiscal Year 2010.

Wildlife Habitat Incentives Program

WHIP is a voluntary program for developing or improving high-quality habitat to support fish and wildlife populations of National, State, Tribal, and local significance. Through WHIP, NRCS provides technical and financial assistance to private and Tribal landowners for the development of upland, wetland, aquatic, and other types of wildlife habitat.

The 2008 Farm Bill made two changes of great consequence to WHIP. First, it restricted WHIP practices to private lands, when public lands had been eligible under the 2002 Farm Bill. Second, it reduced the maximum annual payment to \$50,000. As of September 28, 2009, 94 percent of the Fiscal Year 2009 WHIP allocation had been obligated. Of the 7,412 applications submitted, 3,711 representing 810,370 acres were approved as contracts.

Agricultural Management Assistance

The AMA program provides assistance to agricultural producers to voluntarily address issues such as water management, water quality, and erosion control by incorporating conservation into their farming operations. Producers may construct or improve water management structures or irrigation structures; plant trees for windbreaks or to improve water quality; and mitigate risk through production diversification or resource conservation practices, including soil erosion control, integrated pest management, or transition to organic farming.

AMA was brought under the payment eligibility criteria of the farm bill in 2008. The bill also added Hawaii as the sixteenth state eligible for AMA funding. The other 15 states are: Connecticut, Delaware, Maine, Maryland, Massachusetts, Nevada, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Utah, Vermont, West Virginia, and Wyoming. For Fiscal Year 2009, the entire AMA allocation of \$7.5 million was obligated. Out of 569 applications submitted, 210 representing 13,728 acres were approved as contracts.

Conservation Security Program

The Conservation Security Program, authorized in the 2002 Farm Bill, provides assistance to producers to promote the conservation and improvement of soil, water, air, energy, plant and animal life, and other conservation purposes. It is a voluntary conservation program that supports ongoing stewardship of private agricultural lands by providing payments for maintaining and enhancing natural resources.

Although the Conservation Security Program was not re-authorized in the 2008 Farm Bill, NRCS continues to make payments to prior year contract participants. In Fiscal Year 2009, obligations totaled over \$246 million with payments made on 20,683 contracts. Payments under this program will continue until the last contracts expire at the end of Fiscal Year 2017.

Conservation Stewardship Program

In the 2008 Farm Bill, Congress replaced the old Conservation Security Program with the new Conservation Stewardship Program. CSP encourages land stewards to

improve their conservation performance by installing and adopting additional activities, and improving, maintaining, and managing existing activities on agricultural land, nonindustrial private forest land, and Tribal land. Following is a list of improvements of the new CSP program over the old Conservation Security Program.

- CSP is now implemented nationwide with a continuous sign-up process that has periodic cut-off periods for ranking and funding of applications. The old program was only available in select watersheds each year.
- Nonindustrial private forest land has been added as an eligible land use.
- NRCS State Conservationists have management responsibility for an acreage allocation with associated funding based on proportion of eligible land and conservation needs. This shifts a significant portion of the programmatic decision making from the national level to the states. State Conservationists, in consultation with State Technical Committees and local working groups, will focus their CSP programs on natural resources that are of specific concern in their state, or on specific geographic areas within the state. Applications are evaluated relative to other applications that address similar priority resource concerns. This process facilitates a competitive application selection process among applicants who face similar resource challenges.
- Retrospective payments allow for on-site field verification for all pre-approved applications to substantiate that participants' representations are accurate prior to contract obligation and payment.
- Participation is based on how producers define their operation for other USDA programs. This change fixes a significant issue with the old program and helps ensure that CSP participants are the people responsible for day-to-day management and decision making on the agricultural operation.
- Direct payment attribution to real persons will ensure compliance with producer payment limitations, while accommodating multiple contracts per participant.

With broadened availability, CSP will expand the nation's agricultural and forestry producers' ability to reach greater levels of conservation performance. The conservation benefits derived from maintaining and enhancing natural resources will assist in improving the quality of soil and water, assist in addressing global climate change, and may encourage environmentally responsible energy production.

NRCS initiated the first nationwide continuous sign-up for the new CSP on August 10, 2009, with a September 30, 2009 cutoff date. We are currently reviewing and ranking applications in preparation for awarding contracts. A second sign-up cut-off is tentatively scheduled for mid-January 2010.

In preparation for CSP implementation, NRCS developed outreach strategies at the national, state, and local levels to ensure potential applicants who control eligible land are aware they may be eligible to apply for CSP. Special outreach efforts were made to eligible producers with historically low participation rates, such as historically underserved producers. States made an effort to reach all eligible producers through various means, including newspapers, magazines, local publications, radio, personal contacts, meetings, newsletters, churches, organizations, and community advocacy groups. National information products were developed to assist in distributing information at the state and field levels, including the producer self-assessment checklist and a postcard for mass mailing. The personal mass mailing effort was done to increase distribution of CSP information to potential participants.

The pilot ranking period for CSP will help us determine certain aspects of how we will administer the program in the future. For issues like payments and enhancements, it is a constantly evolving effort to put in place the most relevant and effective methods for helping producers get conservation on the ground.

To manage program funding and meet legislative requirements, NRCS is using the first ranking period as a payment discovery period to arrive at a uniform payment rate per land use conservation performance point. Using enrollment data from the sign-up, unique conservation performance payment rates will be determined for each land use type after ranking decisions are made. It is anticipated the information gained will assist in arriving at set payment rates for future years' contracts.

Innovative conservation activities, specifically enhancements, hold the key to CSP's environmental success. From a program equity and outreach perspective, enhancements need to provide viable opportunities for producers to increase their conservation performance across all land uses, operation sizes and types, and production systems, including specialty crops and organic production. NRCS will institute a continuous improvement process to develop innovative enhancements, while engaging others in identifying enhancement opportunities, as well.

During the first CSP ranking period, NRCS received 21,281 applications covering an estimated 33 million acres. The acreage is just an estimate at this time, we will have firm numbers on November 1, 2009. We are currently processing and reviewing and ranking applications in preparation for awarding contracts.

Farm and Ranch Lands Protection Program

FRPP provides matching funds to help purchase development rights to keep productive farm and rangeland in agricultural uses. Working through existing state and local programs, USDA partners with state, Tribal, or local governments and non-governmental organizations to acquire conservation easements or other interests in land from landowners. USDA provides up to 50 percent of the fair market easement value of the conservation easement.

The 2008 Farm Bill made a significant modification to FRPP by changing the program from a Federal land acquisition program to a cost-share program. This means that, while the Federal government maintains a contingent right of enforcement, it no longer appears on the easement deed as a grantee and is no longer a co-owner of the easement.

In Fiscal Year 2009, NRCS obligated the total program allocation of \$105 million, helping entities enroll an estimated 70,000 acres on 350 parcels.

Grassland Reserve Program

GRP is a voluntary conservation program that emphasizes support for working grazing operations, enhancement of plant and animal biodiversity, and protection of grassland under threat of conversion to other uses. Participants voluntarily limit future development and cropping uses of the land while retaining the right to conduct common grazing practices and operations related to the production of forage and seeding, subject to certain restrictions during nesting seasons of bird species that are in significant decline or are protected under Federal or state law.

For GRP, the total acreage enrolled under the 2002 Farm Bill was 725,352 acres. The 2008 Farm Bill changed GRP to an acreage-based program and authorized enrollment of an additional 1,220,000 acres through 2012, bringing the total acreage goal to 1,945,352. For Fiscal Year 2009, NRCS obligated 99 percent of the total program allocation of \$48 million. Approximately 72 participants enrolled 56,689 acres in GRP easements. An estimated 100,000 acres were enrolled as rental contracts. The remaining 1,063,311 acres will be enrolled through Fiscal Year 2012.

Healthy Forests Reserve Program

HFRP is a voluntary program established for the purpose of restoring and enhancing forest ecosystems to: (1) promote the recovery of threatened and endangered species, (2) improve biodiversity; and (3) enhance carbon sequestration. The 2008 Farm Bill made three significant changes to HFRP. The first change allows NRCS to enroll lands in permanent easements. The second change stipulates that 40 percent of HFRP funding must be expended on cost-share agreements, and 60 percent on easements. The third major change allows for a 30 year contract option for Tribes and Tribal members.

For Fiscal Year 2009, NRCS obligated \$2.1 million out of the \$9.75 in no-year money available annually under the 2008 Farm Bill. Nine 30 year or permanent easements covering approximately 1,100 acres have been enrolled in the program. Prior to 2009, there were six restoration agreements covering 684,707 acres and two easements covering 1,000 acres.

We were unable to use the full HFRP allocation in Fiscal Year 2009. HFRP is a complex new program that requires significant start-up time to establish partnership roles, contracting procedures, ranking criteria, and criteria for appraisals. With many of these tasks complete, we are confident in our ability to obligate the full HFRP allocation in future years.

Wetland Reserve Program

WRP is a voluntary program offering landowners the opportunity to protect, restore, and enhance wetlands on their property. NRCS provides technical and financial support to help landowners with their wetland restoration efforts. NRCS's goal is to achieve the greatest wetland functions and values, along with optimum wildlife habitat, on every acre enrolled in the program.

The 2008 Farm Bill modified WRP's authorizing language to add a 30 year contract option for acreage owned by Indian tribes. Prior to Fiscal Year 2009, easements and restoration cost-share agreements were the only enrollment options available for WRP participants. Because the placement of easements on Tribal lands caused legal and administrative impediments to Tribal participation, the newly authorized WRP 30 year contract provides for broader program participation by Tribes.

In Fiscal Year 2009, four Indian Tribes in Nebraska enrolled 2,156 acres of Indian lands in WRP through the 30 year contract option.

The 2008 Farm Bill also changed the methodology for establishing WRP easement compensation. The compensation is now the lowest of : (1) The fair market value of the land or an area-wide market analysis or survey; (2) The geographical area rate cap (GARC); or (3) The offer made by the landowner. Previously, the compensation was based on an appraisal methodology commonly referred to as "Yellow Book."

Another change in the 2008 Farm Bill requires that the ownership of land not have changed in the prior 7 years for the land to be eligible for the WRP (the limit was just 1 year under the 2002 Farm Bill). The WRP interim final rule includes a provision allowing for waivers to the 7 year ownership requirement. Only the NRCS Chief can provide a waiver to the 7 year provision. As of September 16, 2009, 259 waiver requests have been submitted to the Chief for consideration. 243 of these requests have been approved. For the 16 denied requests, the landowners did not provide adequate assurances that the land was not acquired for the express purpose of enrolling it in WRP. The majority of requests for a waiver were for the following reasons: (1) the current landowner purchased property that had been in the family for more than 7 years from another family member; or (2) the current landowner received the property as a result of estate planning of their parents; or (3) the current landowner purchased property that they had farmed for a number of years prior to purchase.

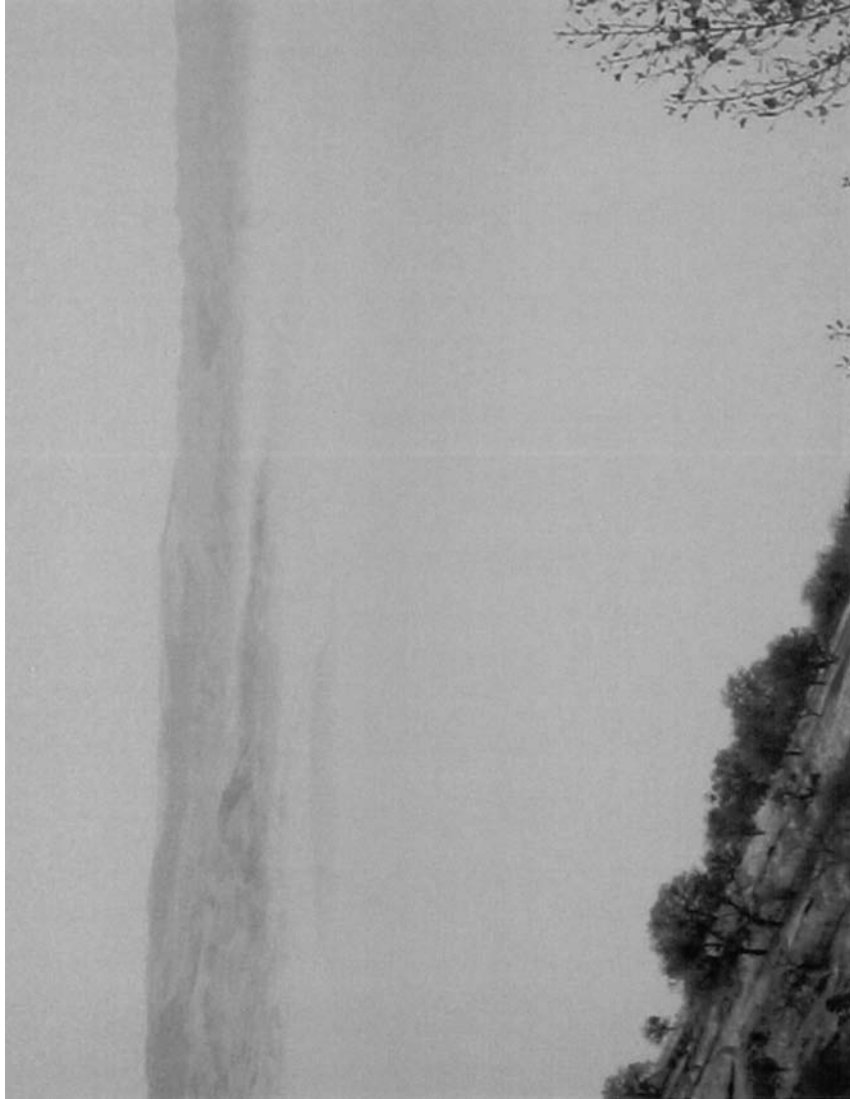
The 2008 Farm Bill increased the maximum enrollment in WRP to 3,041,200 acres. To date, NRCS has enrolled approximately 2,175,000 acres in the program, nearly 150,000 acres of which were enrolled during FY 2009. To meet the total enrollment, NRCS will need to accelerate its efforts and enroll about 300,000 acres each year through Fiscal Year 2012. In recognition of the challenge and opportunity that this presents, we have convened a group of State Conservationists, Assistant State Conservationists, and contracting personnel to improve and expand our enrollment and restoration capacity. This group is charged with developing an implementation plan to reach the maximum enrollment authorized in the 2008 Farm Bill.

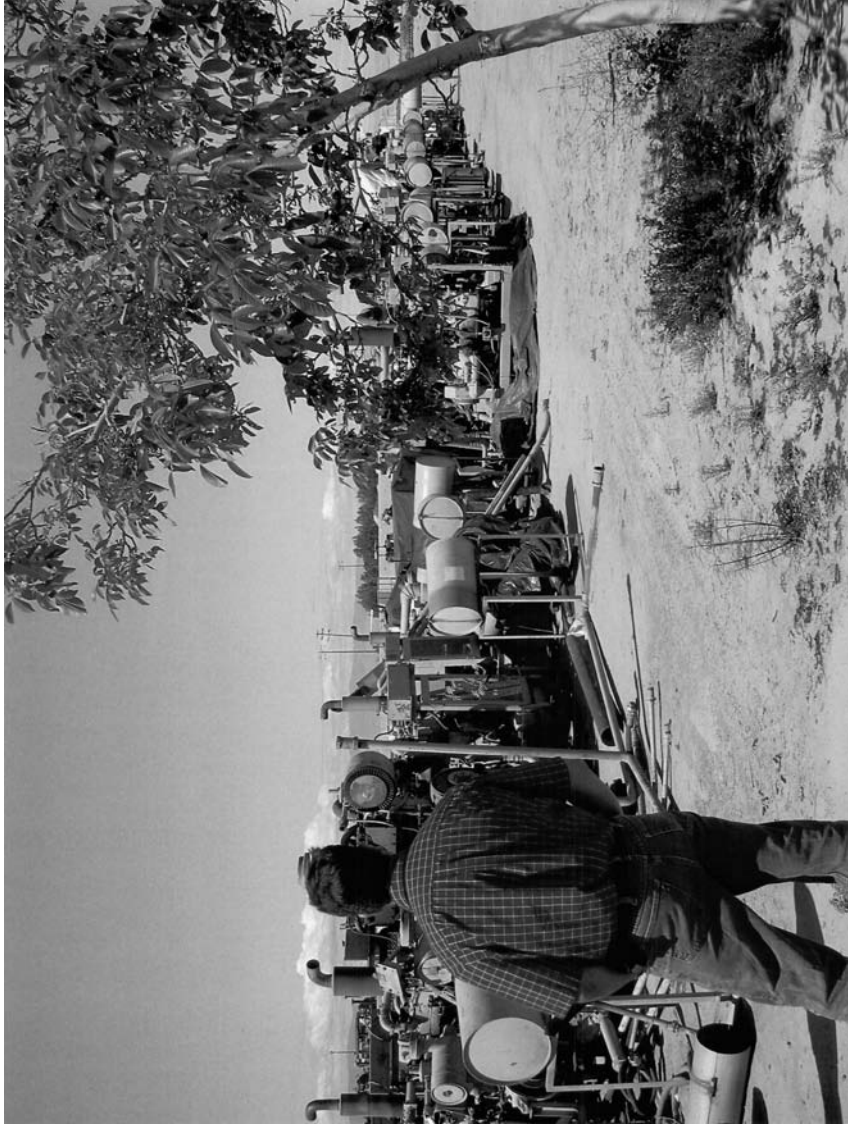
Finally, the 2008 Farm Bill provides for WRP enrollment of agricultural areas subject to flooding from the natural overflow of a closed basin, lake, or pothole. This program is available in the prairie pothole regions of Iowa, Minnesota, Montana, North Dakota and South Dakota. For Fiscal Year 2009, approximately \$2 million was allocated for the Devil's Lake area in North Dakota.

Wetlands Reserve Enhancement Program

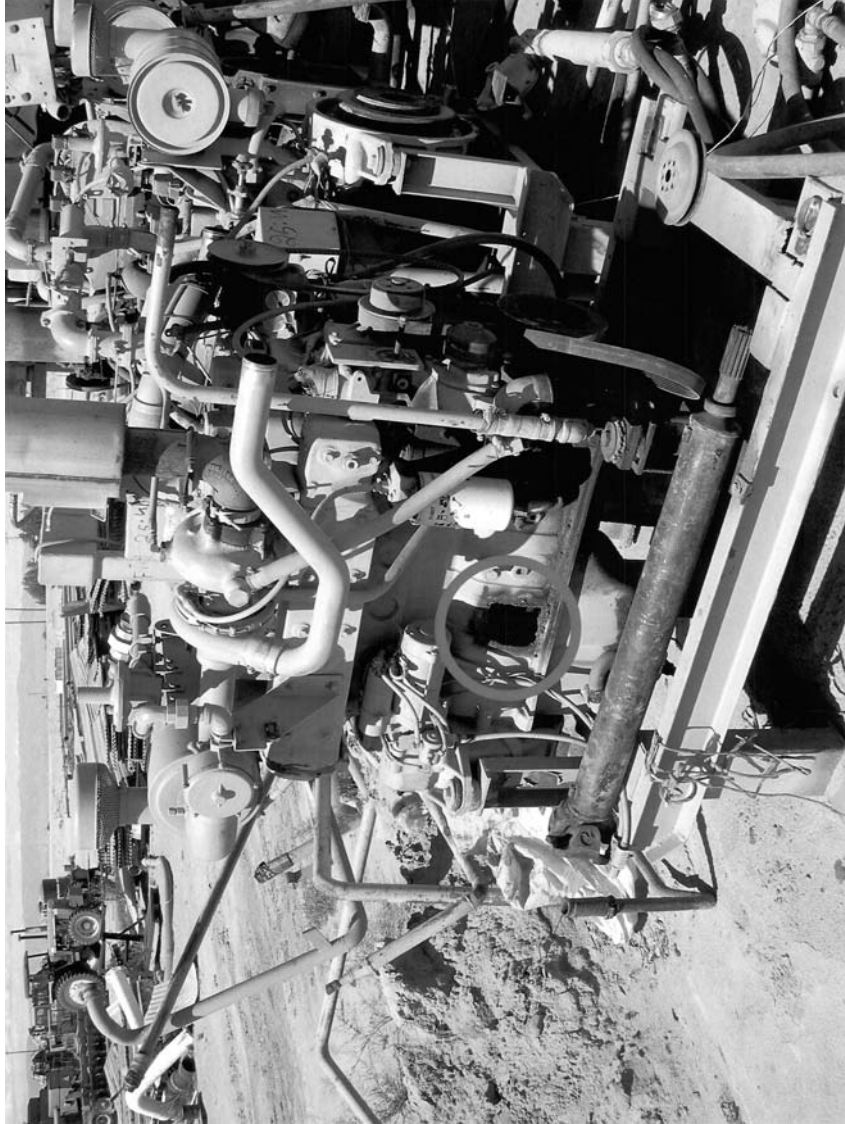
The Wetlands Reserve Enhance Program (WREP) allows NRCS to enter into agreements to carry out special projects that that will improve or expand WRP activities, including wetlands restoration, creation, or enhancement, or easement management. WREP focuses on projects that include significant partnership contributions.

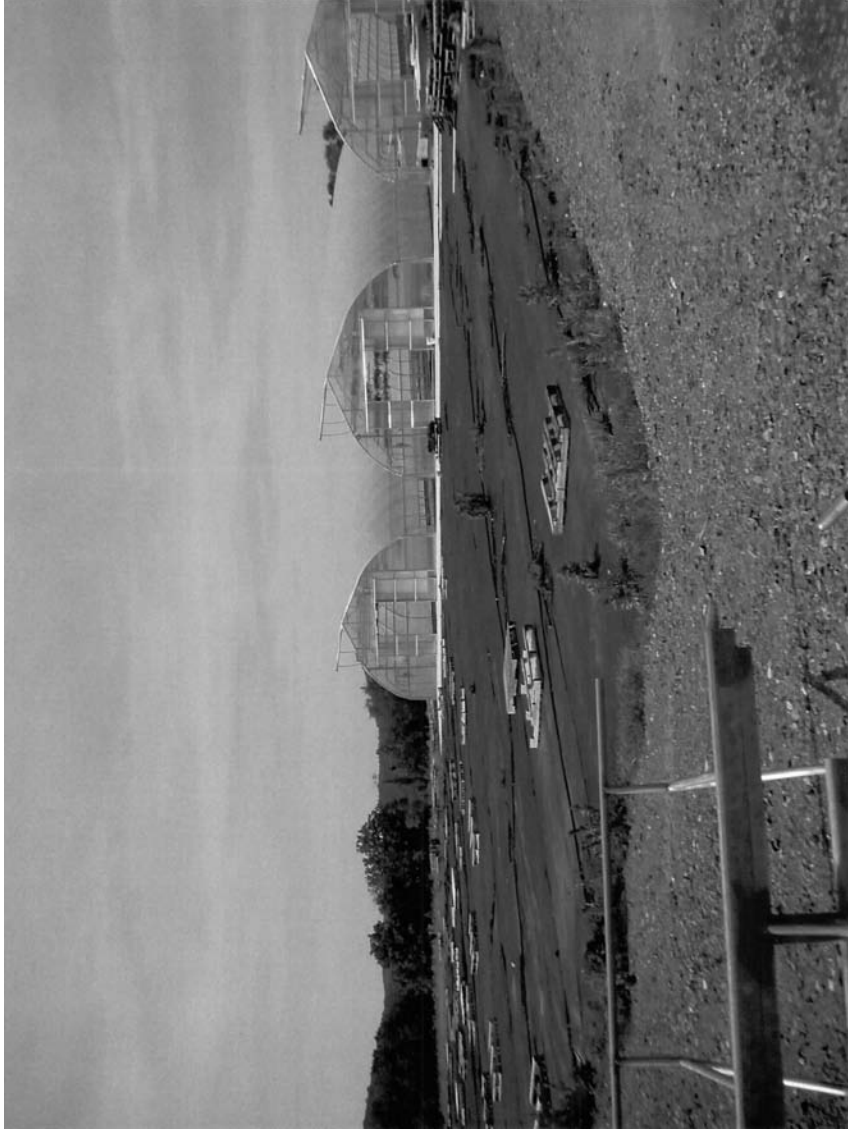
The 2008 Farm Bill established the Reserved Rights Grazing Pilot under WREP. For Fiscal Year 2009, Alabama and Nebraska participated in the pilot, obligating more than \$2.4 million covering 4,607 acres.



















The CHAIRMAN. Thanks, Chief White.

And, Chief, thanks for your help for the rulemaking and implementation of the Farm and Ranch Land Protection Program. We really have made some significant changes.

But I am just going to enter into the record—and I am sure you have seen it—a letter from the Secretaries of Agriculture from Connecticut, Delaware, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont twice here. It was sent to the Secretary in September. I am sure you have seen it, but, if not, if you would just review it. You don't have to answer that today; just get back to us on it.

[The document referred to is located on p. 61.]

The CHAIRMAN. But I am wondering, even though we have made significant changes, I believe, that were positive, have you seen a decline in state-level participation because of these unresolved issues that were in the letter sent to the Secretary?

Mr. WHITE. No. And speaking of that letter, Mr. Chairman, not only have I seen it, I have read it, I have studied it, and I am ready to answer it right now if you want to.

We are going to have a teleconference. Thirteen states signed this letter. We are trying to set up a teleconference between myself and some staff and help them to work through some of these issues.

Now, we think we have the contingent right of enforcement fixed. They are bringing up some other issues. Some of them we agree with; we think we will be able to work them out. Some of them, I think, that we are going to have more problems working that out. Like, there in their letter, they say they want to eliminate the requirement that we do a hazardous materials search or landowner interviews. I don't want to participate in buying a Superfund site. I think we need to keep some Federal control over that.

We have some issues over impervious surfaces. You should have some photos there. You can see some greenhouses. This is from one of those 13 states. This is what happens when you don't have an impervious surface limit. We would like to keep some of that open land open.

There are four or five things that we really have to work with them on. I think there is a lot of stuff we are in agreement with, Mr. Chairman, and I promise you we will try to resolve it.

The CHAIRMAN. Thank you.

Mr. Coppess, you mentioned in your oral testimony open fields briefly. Is FSA working on getting the rules published for this program? Can you explain what the delay has been? Also, there was \$50 million in mandatory spending for this program. Has OMB given an apportionment for the 2010 Fiscal Year? And what happened to the mandatory money?

Mr. COPPES. Right. We are in the process of expediting the implementation of that program now. I expect that within the next several months we should have that out.

The mandatory money, as I understand it, remains throughout the course of this farm bill, so we don't lose anything by not having apportioned or spent it until this point in time.

Because the rule is not out yet, OMB has not apportioned any funding for that. But we are working to get that through as quickly as we can. We will have the money ready to go as soon as we can after the rule gets out.

The CHAIRMAN. Thank you.

Chief White, in reference to the Chesapeake Bay Program, it was created in the farm bill for USDA to run, operate, and make the decisions regarding funding. Given the Administration's Executive Order on the Chesapeake Bay, how are you coordinating with the other agencies, but maintaining control over this program?

Mr. WHITE. Well, we will cooperate and consult with anyone, Mr. Chairman, but let me assure you that USDA is going to maintain control of that.

This year, we had a pretty successful year. The decisions were made. We used a locally based process. Mr. Thompson and Mr. Massa, you and Mr. Kratovil, we talked about that several months ago. We will maintain control of that program. We will cooperate with everyone and their brother, but we are not about to cede the authority that you gave us.

The CHAIRMAN. And you have seen a lot of producer interest in the program?

Mr. WHITE. Oh, oh, yes. If I can find the thing, I can tell you the sign-up that came through that.

Chesapeake Bay, we had 2,037 applications. We were able to fund 826 of those. We used something like 98.4 percent of all the funds. When I say we obligated 98.4 percent, you don't want to obligate 100 percent in case you have some adjustments or modifications, 98.4 percent were obligated, roughly 40 percent. And, this year, you guys gave us a lot more and we are going to do more.

The CHAIRMAN. Thank you.

The chair recognizes the gentleman from Virginia.

Mr. GOODLATTE. Thank you.

Of those 2,000 applications, how spread out across the Chesapeake Bay region were they?

Mr. WHITE. Yes, I can give you a breakdown by state, but I am thinking, Mr. Goodlatte, 99 percent of them were in your district. That would be my off-the-head estimate.

Mr. GOODLATTE. I am sure you are going to object.

You don't want tick off the Chairman here.

Mr. WHITE. The other 98 percent were in his district.

I don't know the breakdown, but we will get that for you.

Mr. GOODLATTE. Yes, I think both the Chairman and the Ranking Member would like to see that breakdown.

Mr. WHITE. You got it.

Mr. GOODLATTE. What can you tell me about the big conversation we had in this Committee during the markup of the farm bill regarding the segmentation of EQIP funds? Your testimony indicates that 15 percent of EQIP funds in 2009 were obligated to beginning farmers and ranchers. What factors contributed to such a high percentage when the law establishes a five percent set-aside?

Mr. WHITE. Well, we actually—that five percent was to, my understanding, was to guarantee that these beginners—it doesn't say you can't go above that, unless I am wrong. Is that part of the not meeting Congressional intent concern?

Mr. GOODLATTE. No, no. I think we are wanting to make sure that you are being fair to everybody involved.

Mr. WHITE. Oh, yes, sir. We did have these five percent set-asides. Those were used up. And if a person qualified, they would also be allowed into the program. So, it is a great thing that we are getting this many beginners—I won't say young farmers—I will say beginning farmers and ranchers into these programs.

But if there is an issue where we are discriminating against non-beginners, I will need to find out what exactly is occurring. But I don't think that has occurred, sir.

Mr. GOODLATTE. And what efforts are you making to undertake outreach to private forest owners who may not be aware that they are eligible for programs like EQIP and CSP?

Mr. WHITE. We have to do a better job. You know we did a lot of work, or you guys did a lot of work in the 2008 Farm Bill. Non-industrial private forestland is a part of EQIP, a bigger part, although we could have done it before. Some states did. And it certainly—10 percent of the Conservation Stewardship Program can be nonindustrial private forestland.

From the application so far just from CSP, Mr. Goodlatte, we have exceeded the—the amount of acres offered for enrollment exceed the 10 percent that we can do in that program. So I think we are cool in that.

I think what we have to do is a better job of outreach to the non-industrial private forestland owners to make doggone sure that they know that those things are available. And we will take that on as a commitment.

Mr. GOODLATTE. Now, conversely, you have some programs that are oversubscribed, at least. And would you provide the Committee with an overview of which programs have backlogs and how extensive those backlogs are?

Mr. WHITE. Can I do that in writing? Because I don't have all that backlog stuff in my head.

Mr. GOODLATTE. Yes, absolutely. Thank you.

In that regard, one of the most popular programs we have, obviously, is EQIP. And during our conference, many Members worried about the backlog that we had in EQIP. The general consensus was that this is a great program that helped producers deal with environmental regulations and was extremely popular.

In addition, we worried greatly that carve-outs and other pet projects would erode the funding for this program and would simply extend the backlog. Members tried to strike a delicate balance between these carve-outs and the needs of producers throughout the country.

Now we hear the NRCS has started a Mississippi River Basin Initiative above and beyond the statutory limit set by the law. In fact, material about this new initiative explicitly states this funding is, "above and beyond" regular CCPI funding. The law states, "Funding Reservation: Of the funds and acres made available for each of Fiscal Years 2009 through 2012 to implement the programs described in subsection (c)(1), the Secretary shall reserve six percent of funds and acres to ensure an adequate source of funds and acres for the initiative."

Where does the Department get the statutory authority to go above the six percent? And why would the Department use its authority to go beyond what was obviously a limitation?

Mr. WHITE. Okay. CCPI is one of the new tools that you provided for us in the 2008 Farm Bill. It allows us to work with partners, cooperatively, to solve resource problems.

You are absolutely right about the Mississippi River. In fact, we looked at the Chesapeake Bay as kind of the model to do that, to target resources to solve specific issues.

The six percent—we have talked to the Office of General Counsel. We feel that we are on firm legal ground. I can provide you with written materials on that.

We will not take away—or, the goal is not to take away from any states ongoing applications, the county-based EQIP applications that are available nationwide. You provided increased funding for EQIP and many of the other programs, where I would look as—assuming that we do get that increased funding, that is where that extra money would come from. I am not going to rob Virginia to give it to Alabama, or to Mississippi, or something like that. Each state is going to get their—

Mr. GOODLATTE. Leaving the mid-Atlantic region, which does have a statutorily designated program for the Chesapeake Bay, you are then left with a situation where you have oversubscription of this program all across the country. Yet, you have, without—I mean, the Congress debated this at great length, and I have no doubt that some in the Mississippi River Delta would very much appreciate what you have chosen to do. But I am not sure that you have the statutory authority to give a preference in that area when there is no Congressional mandate to do so. And, in effect, you are taking money away from every other part of the country that is a little annoyed that the Chesapeake Bay may already have a preference, and, therefore—but that was specifically designated, specifically funded, specifically set aside.

The rest of the country is very concerned about the fact that you may do more of these at their expense, whereas the Chesapeake Bay, that was debated and set aside as a part of the legislation in the Congress.

Mr. WHITE. Understood, sir. And we could also add California to that group—or not California *per se*, but the CIG(b) section, which was the Air Quality Initiative that Members here, remember, Mr. Cardoza, Mr. Costa, brought that forward.

Mr. GOODLATTE. Right. Those were all—I mean, I am not quarreling with those as long as you stay within those limits. And I am sure the gentlemen from California would agree with me, as well. But when it comes to the rest of the pot of money, then you have the whole country eyeing that pot and wanting to make sure that you are not exceeding what the Congress intended with regard to the set-asides.

Mr. WHITE. If you will allow me just a moment, say, EQIP—EQIP was created in 1996, and the funding level there was \$200 million a year for a national program. And that was prioritized; 65 percent of whatever money that was received was prioritized in Geographic Priority Areas. And that caused a huge backlash because the money wasn't distributed, it was felt, fairly across the country.

So, in 2002, Congress—and I was loaned to Mr. Lugar at that time—in the conservation title, those priority areas were eliminated, and additional funds were put into EQIP. It went from \$200 million a year to an authorized level of \$1.2 billion.

I was the State Director in Montana—

Mr. GOODLATTE. I know my time has expired, Mr. Chairman, but I just might make this one last point.

I understand that the Congress worked very hard to accomplish that because of the fact that the program was so extraordinarily popular. But the fact of the matter is, it is extraordinarily popular in every part of the country, as far as I know. And the Congress set aside specific areas that we wanted you to emphasize, like the Chesapeake Bay, like the program that we have in California. And then, with regard to the rest of the funds, we did not authorize you to set up other separate, special initiatives that would take money away from other regions of the country that are represented around this dais this morning that are concerned about making sure that their farmers receive their fair share.

So I would like to think that you would be increasing that money from the \$200 million expenditure to the \$1.2 billion expenditure proportionately around the country to reflect that. And if you would include that as a part of the report regarding the demand and the supply that you are going to provide to the Committee, I would appreciate it.

Thank you, Mr. Chairman.

Mr. WHITE. Mr. Goodlatte, I admire and respect you, sir. I think we are on firm legal footing, and we will address that.

The CHAIRMAN. The chair recognizes the gentleman from North Carolina, Mr. Kissell.

Mr. KISSELL. Thank you, Mr. Chairman.

And, gentlemen, we appreciate you all being here today.

Chief White, just a little bit of follow-up to what the Ranking Member has said. You know, there is concern about how the funds on EQIP will be used regionally. And this question I had in my mind even before our conversations this morning, about any oversights to North Carolina specifically.

But looking at more specific parts of the program, can you enlighten us on dairy, any contracts that have helped, perhaps, to the crisis we have with our dairy farmers with the EQIP program?

Mr. WHITE. Yes, sir. In fact, I became aware of an issue in your district that you are aware of, with EQIP, that we are working on that won't reoccur.

If you would look at—there is a payment limitation on EQIP of \$300,000, and the Congress gave us authority to waive that under certain circumstances and go back to the \$450,000 that was in the previous bill. Out of these thousands and thousands of contracts, we waived that 11 times, and most of those were for, like, methane digesters for dairies. Now, I don't know if they were specifically in your district, but most of the payment limitation waivers were for methane digesters, and most of those were on dairies. And we continue to work with dairy farmers across the country on how to handle the ag waste.

Mr. KISSELL. And one other program, and I don't know how the acronym is pronounced, but AWEP, the water program.

Mr. WHITE. Yes, sir.

Mr. KISSELL. There seemed to be some indication that we were going to try to spread that out through other parts of the nation, and maybe there had been concentration in one part. Can you, kind of, enlighten me on where we were and where we are going with that program?

Mr. WHITE. Yes, sir. AWEP is—we had 191 applications. There was a request for proposals that went out; 191 came in. They had, like, a triple technical review. Sixty-three were approved in various parts of the country. The bulk of them, however, were in California. And we are all aware of the drought issues there and the water quality. So there was a concentration of those in California, but the rest were dispersed across the country.

Now, there is an issue that came up from another Member of this Committee that we are addressing with the Agricultural Water Enhancement Program that will come out in the new request for proposals that will place increased emphasis on water conservation as a priority.

Mr. KISSELL. Thank you, sir.

And, once again, thank you for your quick reaction to the situation that we talked about this morning in North Carolina. But I do want to reemphasize that regional equity program. For something that is very popular, there is a reason it is popular. Thank you so much.

I yield back my time, Mr. Chairman.

The CHAIRMAN. The chair thanks the gentleman and recognizes the gentleman from Missouri, Mr. Luetkemeyer.

Mr. LUETKEMEYER. Thank you, Mr. Chairman.

Mr. White, thank you for being here this morning.

When I see my farm groups back home—I am from Missouri, and I have some concerns about the funding plan that USDA has with regards to hypoxia efforts in the Mississippi Basin and the Gulf of Mexico.

As you are aware, Missouri is one of the groups that is required to be in the Healthy Watershed Initiative. And it is our understanding that funding for this initiative will be implemented through the Cooperative Conservation Partnership Initiative, conservation innovation grants, and potentially under both the EQIP and the Wildlife Habitat Incentives Program.

As you know, we have discussed this morning, there is a lot of interest in the EQIP funds. And we have also had that interest from the Missouri farmers and ranchers, as well. You know, our concern is that funding for this hypoxia effort will mean less money in the way of funding for our farmers and ranchers. Can you tell us how you intend to fund this program, where these funds are going to come from, and how accessible they will be?

Mr. WHITE. Okay. A couple of points about this. Missouri, those 12 states, Iowa, the others, will select up to three watersheds, eight-digit HUCs, hydrologic units. Those are like 250,000 to 1.25 million acres. So Missouri will pick those, Iowa will pick them, Illinois will pick them, whomever. So there is a lot of state control.

And you have to remember that, if you are from Missouri, this is not going to be money taken away from Missouri. Mr. Goodlatte mentioned his concern about money coming from other places. We

think that there is enough money in EQIP that we can address these local needs across the country when you are looking at putting \$1.18 billion into that program this year, and maybe be voting on the Agriculture Appropriations bill this week, that we are not going to really short anyone.

And what we hope to do is to do a better job in some of these nutrient loading areas. We are trying to do—and I didn't call it hypoxia. This is a water quality initiative. In the out-years, it may have an impact on Gulf of Mexico hypoxia. It sometimes takes a long time for conservation practices to have that ripple effect. But what we want to do is help producers put the right amount of nutrients on—could be more, could be less, could be different timing. But to focus on these kind of issues in watersheds where we see the nutrient loading, we think we can have a heck of an impact.

And I just do not believe that we are going to have a huge problem in other parts of the nation by taking this money and reserving it for this use, focusing it on this use.

Mr. LUETKEMEYER. Okay. So you believe there is enough money in the system, it won't impact other programs?

Mr. WHITE. Yes.

Mr. LUETKEMEYER. Okay.

Mr. WHITE. Every year, we are in the position of shifting money from state to state. Some states need more; some have contracts drop out. You have to move money here and there. There is a continual shift of funding. I think you do that within the existent system we have, sir.

Mr. LUETKEMEYER. Okay. Thank you.

Mr. COPPESS, just a quick question for you. You indicated some changes are coming in the CRP program. Would you be willing to elaborate on those this morning just a little bit?

Mr. COPPESS. Right. What we have in place now are the rules for a series of the changes made by the 2008 Farm Bill, just implementing those changes. We are not making anything additional really above and beyond that, but it is simply implementing the remaining pieces from the 2008 Farm Bill.

Mr. LUETKEMEYER. Oh, okay. I misunderstood. I thought you had some other changes that you were getting ready to spring on us here that we were not familiar with or hadn't had any input in. But basically you are just implementing the changes we discussed before.

Mr. COPPESS. Yes, sir. We got our hands full getting those through. We won't be making any others.

Mr. LUETKEMEYER. Okay. Thank you, sir.

I yield back. Thank you, Mr. Chairman.

The CHAIRMAN. The chair thanks the gentleman and recognizes the gentleman from Alabama, Mr. Bright.

Mr. BRIGHT. Yes, sir.

Chief White, just a couple of follow-up questions from my colleague from North Carolina, when he was talking about the AWEP program. Could you speak in more detail and provide us an assessment on the program's implementation and how you prioritize certain applications over the others?

Mr. WHITE. Yes, sir.

Over 191 applications came in. The first screen was that they were reviewed by technical experts. We brought agronomists in from a center, hydrologists, biologists, and they reviewed them. And they looked for whether they met the requirements of the request for proposal. They had a bunch of different criteria.

So that was the first screen. Then it went to a screen of high-level NRCS employees at the deputy chief level who also looked at it.

Now, this particular year, we did a third screen. Because, out of the 191 that came in, this first level eliminated 50 percent. They said 50 percent did not meet the RFP requirements and would not advance. So they had the program manager look at those 50 percent, so they had a second look at them. And then these other folks went through it again, and then I got that list, and I pretty much went down that list.

Now, in respect to Alabama, there was an Alabama application that was not funded in the initial one.

Mr. BRIGHT. That is right.

Mr. WHITE. And a couple of the additionally funded ones dropped out, things went wrong, they withdrew, whatever. And what I did then was I went back to the prioritized list, and there was Alabama. So I pretty much went down the list after the technical review.

Mr. BRIGHT. Thank you very much.

And I stress once again, I am sure everyone around this room today will stress the importance of water to each one of their states. And Alabama is not unlike any one of these states. Water is very—even in Alabama, we have a scarcity of plentiful water. So, if you would, please continue to review in great detail our applications for these funds.

Also, as you mentioned in your testimony, in Fiscal Year 2009 there were over 3,800 applications which were submitted, and about 1,700 were awarded contracts. What determines an application's eligibility or ineligibility? Is that detailed with the tri-level screening that you just discussed?

Mr. WHITE. Well, no. The 63 projects that were approved—

Mr. BRIGHT. Sure.

Mr. WHITE.—okay, once you get that project, then the producers in there apply for EQIP. So that is where the applications come from. And we had enough funding available that first year to do 1,700 of them.

Mr. BRIGHT. Okay.

One follow-up question, and we will change gears and directions. I want to ask you about the Wetlands Reserve Program, the WRP. And the WRP is another vitally program in my district, Alabama District 2. And several of my constituents have complained about a lack of transparency in the Geographic Area Rate Caps land valuation process and claim a discriminatory result based upon their county.

My staff has been in contact with both the state and Federal NRCS staff, but we have not been able to make any progress in determining a solution to this issue.

Furthermore, we have been informed that the counties claiming discrimination have been offered no recourse or path to appeal the

land value they were given. And, for instance, specifically, two counties in the same region, neighboring each other, one county was given a \$20 increase per acre and the other given over a \$300 increase per acre for the same year. That concerns us, and we have asked for detailed explanations of that.

It is my understanding that the 2008 Farm Bill included an appeals process for the Geographic Area Rate Caps land valuations, but it appears that recourse is, in certain circumstances, being denied at the state level. Can you elaborate on that a little bit? If you are aware of it, elaborate on it.

Mr. WHITE. I am more than aware of it, Mr. Bright.

Mr. BRIGHT. Okay, good.

Mr. WHITE. I have been contacted by your office, of course. You have taken a great interest in this.

And this Geographic Area Rate Cap, which, of course, we call "GARCs"—it sounds like something is caught in your throat—but there were errors made in Alabama in a couple of counties. I think the county's name was Lowndes?

Mr. BRIGHT. Lowndes County and Wilcox County, right. And one of the poorest counties in the nation, quite frankly.

Mr. WHITE. Yes, sir.

Here is the solution. The State Conservationist is going to go back and redo those Geographic Area Rate Caps, okay?

Mr. BRIGHT. Good.

Mr. WHITE. So that is going to be redone. I will guarantee that Alabama, those producers in that county have enough acreage to allow them back, if they choose to, to move forward into WRP. There are enough acres in the cap that Congress gave us that we can do that. So any producer who felt that the amount kept them out will have that option in Fiscal Year 2010, which is what we are in. We are going to redo those GARCs.

Mr. BRIGHT. Thank you very much, Chief. And thank you for your testimony here and appearance here today.

And, Administrator, thank you also.

The CHAIRMAN. The chair thanks the gentleman and recognizes the gentleman from Pennsylvania, Mr. Thompson.

Mr. THOMPSON. Thank you, Mr. Chairman.

Chief White, good to see you again.

I want to follow up on the number of applications my friend from Alabama had talked about. And I know in your testimony you talked about the increase in applications compared to Fiscal Year 2008. And what is the Service doing to help accommodate the workload increase? Are there adequate staff and resources?

Mr. WHITE. You know, Mr. Thompson, the short answer is, no, we don't have adequate staff resources.

The other—I mentioned the Streamlining Initiative. If we can move forward—we are going to start implementing some of that stuff in 2010—we are going to take some of the administrative burden away from those field people, which will have the effect of really adding more staff years.

The second thing, Mr. Thompson, is we are turning the allocation process NRCS has used in the past on its head. In the past, you would appropriate the money, and what we would do is fund headquarters first. You know, you would fund the headquarters and the

centers. And then they had these allocation formulas, and you would go to the state area and then finally get down to the local level.

We are flipping that, Mr. Thompson. We have an initiative: We are going to fund the field first, so there is not one district conservationist, one soil conservationist, one technician out there that needs to worry about their job. I want them to worry about doing their job, not whether they have a job. So the people on the sharp edge of the sword will be the priority for funding, Mr. Thompson.

And we think that if the budget passes as proposed, we will be able to actually get more money down to the field level and fill some of those vacancies that are critical. And there are some in your state that have been vacant for a long time, and we would like to see those people put back in place to service your producers.

The other thing, if we can do this, is to expand our relationship with technical service providers and engage them more on this effort.

Mr. THOMPSON. Okay. Well, I certainly applaud your efforts at increased efficiency. I mean, we need to do more of that, obviously, in government.

You talked about removing administrative burdens and more efficiency. Is there an effort, then, to also do that for the producers, the end-users, in terms of the paperwork, the process, the fairly cumbersome administrative process? And at times, frequently, I hear a lot of comments about that. Are there efforts at improving efficiency there, as well?

Mr. WHITE. Yes, sir. I mentioned that is a part of the Streamlining Initiative. We want to make it easier for farmers and ranchers to apply, to check their status, to do things on their schedule, not our schedule. So that is a big part of this.

Another big part of it is, with these technical service providers, to get them engaged where they can do more work. You know, we live in a security-conscious world, and we just don't let anybody into the USDA computer systems. But we have awarded a contract as part of this to affirm that it is going to do a plug-in, where a technical service provider can reach through the USDA system. And if you give that technical service provider, if they can get your records, pull them out do their plans, do their work, then they can go back and put them back in without breaching any security. We think that is going to have a huge impact as far as making that accessible and transparent to technical service providers.

Mr. THOMPSON. That is great. I want to thank you.

Mr. Coppess, you stated that with the declining commodity prices for wheat, corn, soybeans, other crops, interest in the CRP program is, again, accelerating. It does seem to me that some farmers enroll in the programs because they feel they have no other choice. And I would like to get your thoughts in terms of, are you aware of any instances where entering into conservation programs have had negative effects on the farm's overall productivity and profit?

Mr. COPPESS. I do not, as I sit here today, know of anybody that has had a negative impact on their farm or their operation from being in these conservation programs. And, frankly, we have seen a significant amount of interest, and it continues to grow. Producers see a lot of benefit out of it. CRP has done great wildlife

enhancement and everything else that a lot of producers seem to really see the benefits of. I don't know of anybody that has complained in that regard.

Mr. THOMPSON. Okay, thanks.

And then just one additional question. Forestry has an important role in my district, a real significant industry. And you mentioned that the farm bill provided funding for tree thinning. And, in my view, tree thinning, thinning is a very important part of keeping a healthy forest, obviously, in forest management.

Can you elaborate on those efforts and give us an update on how that is going?

Mr. COPPESS. Yes, the tree thinning provisions of CRP that came through the 2008 Farm Bill, the changes for that, have been implemented with the part of the regulation that was published in June of this year.

So those processes are under way now. People are allowed to take advantage of the program and utilize it to help thin out forest, reduce forest fuel fire load, and improve the health of the forest stands.

Mr. THOMPSON. Great. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. The chair thanks the gentleman and recognizes the gentleman from California, Mr. Costa.

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

I have a number of questions, but I will continue from the discussion that Congressman Goodlatte had with you with regards to the EQIP program and the efforts on the 2008 Farm Bill.

It is my understanding—and you, by your own testimony, stated that there was a tremendous demand, is that not correct?

Mr. WHITE. Yes, sir.

Mr. COSTA. Is it my understanding correctly that the Administration requested a reduction in the allocation as it was before the House Subcommittee on Appropriations?

Mr. WHITE. Yes, sir, I believe so.

Mr. COSTA. Why?

Mr. WHITE. Sometimes priorities collide, Mr. Costa.

Mr. COSTA. And which priorities were these colliding with?

Mr. WHITE. Yours and the Administration's.

Mr. COSTA. Well, I got that part. But what were the priorities?

I mean, the only major legislation that I can think of in the last Congress that we all agreed on was the farm bill and enacted it. And I thought the Congress was pretty clear on those major items. And the area with the EQIP program was one of those areas that we had strong bipartisan support.

And it just seems to me that—I would like to better understand where the Administration felt, where you felt, where the Secretary felt, that there was a higher priority than the money that we had determined that would be authorized for appropriations for the EQIP program?

Mr. WHITE. Yes, sir. That is a fair question.

My sense would be that EQIP is over a billion dollars. It was felt that that is adequate to address the ongoing demand—

Mr. COSTA. How is it adequate if you are acknowledging that the demand was very wholeheartedly supported throughout the country and that the demand exceeded the amount of dollars available?

Mr. WHITE. Well, I was the State Conservationist in Montana. And, now, there is a backlog on EQIP with the applications—

Mr. COSTA. No, I understand. I am not interested in an anecdotal story. What I want to know is what priorities that you or the Secretary determined were a higher priority than the EQIP program that you were attempting—I mean, what you are telling me is you were shifting dollars. I mean, you had made an internal determination that it was more important to put dollars in another area—and I don't know what that other area was—and, therefore, you requested the reduction of the moneys allocated before the Subcommittee on Appropriations.

Mr. WHITE. I can speak to the issue that we felt that the EQIP funding was adequate. I cannot speak to what other issue had priority, whether it was child nutrition or what.

Mr. COSTA. Well, I would like you to provide a response to the Chairman and to the Subcommittee; I think that is appropriate. But I don't see how you can justify that the funding was adequate if, in fact, you said the request for the EQIP funding throughout the country far exceeded the dollars that were available. It is not logical.

Let's move on. You were talking about the dollars available for water conservation. As you know, we have a horrific drought facing California. In my district, it is ground zero. We have unemployment numbers of 28 to 32 to 38 percent in some of our farm towns, and those are depression-like unemployment numbers.

What additional effort can you point to that we can provide quick support for in water conservation that will be helpful?

Mr. WHITE. Well, as previously mentioned, the Ag Water Enhancement Program, we awarded—

Mr. COSTA. No. We are participating in some part of it. What additional support can you provide?

Mr. WHITE. Well, what I am saying is that, of the 63 that were awarded, 18 were in California. And they were to try to address that need.

Mr. COSTA. Are we going to be able to find some additional funding?

Mr. WHITE. Well, the whole AWEP thing we will see next year on who responds to those requests for proposals.

Mr. COSTA. Well, I am going to send you a letter as it relates to that area, because we are not doing enough. We are not doing enough. This Administration is not doing enough, in my opinion. And we are working closely with all of you to deal with the immediate crisis impacting the drought in California, and I just want you to understand that clearly. I appreciate those funds, the 18 projects that were awarded, but it is not enough.

Mr. WHITE. The other issue in your district—and I was in your district this past May as part of the Agriculture Air Quality Task Force. And you all have some photos there; one looks like a big cloud. That is the smog in the San Joaquin Valley.

Mr. COSTA. No, we are quite aware of that.

Mr. WHITE. And then you will see, also, some natural gas generators that have a whole cut in the block because these farmers, producers are under extreme regulation. And we put something like \$24 million of the CIG(b) money into helping farmers comply with that.

Mr. COSTA. That is helpful. I appreciate it.

My time has expired, but if there is another round, I would like to go back to those methane digester issues with regard to dairies.

Thank you, Mr. Chairman.

The CHAIRMAN. The chair thanks the gentleman and recognizes the gentleman from Kansas.

Mr. MORAN. Mr. Chairman, thank you.

Mr. Coppess, the most common complaint I receive from landowners and farmers in Kansas as it relates to CRP is the uncertainty of what FSA is going to do. Are there going to be extensions? When is the sign-up going to begin? And it seems to me that you all live, kind of, year to year at best. And farmers like to plan a lot longer than they are able to do under that scenario.

You indicated in your testimony that there are 31 million acres of CRP, which is 1 million acres under the 32 million acre cap. You indicated that the President's budget includes a general sign-up in Fiscal Years 2010 through 2012, but you have to do your environmental impact statement, which won't be done until the summer of 2010.

It seems to me that indicates there is no general sign-up until 2011, Fiscal Year 2011. What happens to the acres that are coming out and—I guess, what is the plan?

Mr. COPPESS. Right. Certainly, we will not be able to have a general sign-up until after the rule comes out, which would give us some time this summer or summer of 2010 to hold a general sign-up if, in fact—

Mr. MORAN. So a general sign-up is still possible in Fiscal Year 2010?

Mr. COPPESS. Yes, the potential is still there. The contracts then would be signed and go into place beginning Fiscal Year 2011, and payments out later that—

Mr. MORAN. When will you know whether there is a sign-up in 2010?

Mr. COPPESS. Well, at this point, while we are waiting on the regulation to be published, we are evaluating that, as well. But we won't know or be able to put anything forward on our general sign-up until we have that part of the regulation out. And that, as you mentioned, is awaiting the EIS.

So we are in an unfortunate time period of uncertainty, I understand that, until we get that out. And we are working to get that out as quickly as we can. In the meantime, we do have other tools, like CRP, like continuous sign-up, like SAFE Acres, that we are evaluating now how we can utilize those between now and that time period, as well.

But a general sign-up is going to have to wait until we get the rule done.

Mr. MORAN. So, in the absence of a general sign-up, it is those other tools you would use as an extension. How about the million acres that were under the 32 million acre cap?

Mr. COPPESS. Right. Well, we did the extension for this year; we got a million acres back in, or thereabouts, through the extension process. Then, yes, the Secretary's goal and our goal was to use every bit of authority that we have now to keep us right up to that 32 million acre cap or as close as we can get, understanding we have to leave a little bit of it in reserve in case sign-ups go over estimates or whatnot, so we don't go above the gap. But our goal is to keep that as close as we can to 32 million acres in the program.

Mr. MORAN. One of the issues that landowners would love to get resolved is the issue regarding haying and grazing. And now we are haying and grazing once every 10 years instead of every 3. That came about as a result of a lawsuit that didn't appear to me that USDA particularly fought hard.

Is there any expectation we could return to the 3 year rotation?

Mr. COPPESS. As I sit here today, I don't know what we can do on the 3 year rotation. That is something we can look into as we work through this second part of the regulation. And we can hopefully provide you a better answer as we get that piece of it through.

Mr. MORAN. Do you see that as a desirable goal? Would you like to get back to the 3 years, or are you satisfied with where we are?

Mr. COPPESS. I wouldn't want to commit to getting back to 3 years, understanding the history that has gone into it. I would like to think we can find a way to navigate that better, where we are addressing the interests of all the parties that have concerns about it.

But going back to a 3 year, after everything that has happened at this point, I just am unable to commit to it at this point in time. But I do think it is something we can consider how we best utilize our authorities to get the conservation benefits out there, as well as work with the producers.

Mr. MORAN. Secretary Vilsack was in Nebraska with a town hall meeting in which he commented, when asked about CRP questions, as I understand what he said, that CRP is going to be replaced with CSP anyway; CRP is a program of the past.

Is that a policy or is that something that USDA believes? What was the Secretary talking about?

Mr. COPPESS. No, sir. If I understand what he—and I wasn't there for the comments. As I understand it, what we are talking about is the ability, under the 32 million acre cap, we are trying to maximize the conservation benefits for the dollars and the acreage cap that we have with CRP. However, there are other programs throughout USDA, like CSP, that may be an option for the individual producer; if their land is expiring, they can look at CSP to continue to get conservation benefits but through a different program. So they are not programmatic.

Mr. MORAN. USDA intends that CRP is around for a while longer?

Mr. COPPESS. Absolutely. We fully support CRP and will continue to do so.

Mr. MORAN. Mr. White, my time has expired. But I want to thank you for visiting with me in my office about AWEP. I notice other Members of this panel have concerns about the program as well. I would remind you that, statutorily, language in the farm bill

indicates that quantity has priority over quality. We had this discussion, and I want to make certain that I state it again for the record and would encourage you to get NRCS to approve a conservation practice for conversion of irrigated farmland to dryland farmland. It was a program that, this was a political compromise in the farm bill, and I was part of that compromise. And, as I indicated to you in our conversation, I am not sure that USDA understood or followed not only the letter of the law, but, certainly, the conversation that occurred in the farm bill discussions.

I thank you for your time the other day, and appreciate your interest in helping solve water quantity problems, particularly as we try to preserve the Ogallala aquifer.

Mr. WHITE. Thank you, Mr. Moran.

Mr. MORAN. Thank you, sir.

The CHAIRMAN. The chair thanks the gentleman, and recognizes the gentlewoman from Colorado, Ms. Markey.

Ms. MARKEY. Thank you very much, Mr. Chairman.

Yes. I represent northeastern and all of eastern Colorado, so I would like to continue a couple of questions on the CRP program, Mr. Coppess. I understand that FSA has been holding a series of meetings as part of your environmental impact statement process. Is that right?

Mr. COPPESS. That is correct.

Ms. MARKEY. Can you tell the Committee what you are learning from these meetings and any concerns people have with the operation of the program? And then, more specifically, out of the just under 1 million acres that have accepted extension, where in the country are they located?

Mr. COPPESS. As far as what we are holding right now, these are public comment meetings that are part of the EIS. I don't have a summary of the comments or the concerns we have had. That will be part of what is rolled into the EIS as it is finalized and comes out in the final draft before the regulation. And we are certainly hearing a lot of interest in the program, continuing the program, and continuing the acreage up to the cap. But specific comments I don't have at this point in time, but we will have that as part of our final documents.

As far as where are the million acres that are not in the program, I am not sure where those are distributed exactly throughout the country. We have certainly seen land that has expired pretty much throughout the country, and we have tried to get their enrollment. Are you discussing the extension acres?

Ms. MARKEY. Yes. The extension.

Mr. COPPESS. I don't know if we have an exact breakdown of where the extension was, but we can get that for you, for your office here in writing and for the Committee.

Ms. MARKEY. I have one other question. Are county governments able to utilize a 25 percent county acreage cap waiver authority yet? And, if not, when do you envision this authority being available?

Mr. COPPESS. The 25 percent acre cap is part of the second—part of the CRP that is requiring the environmental impact statement. So we will not have those regulations out until September of 2010 to be utilized thereafter.

Ms. MARKEY. Thank you, Mr. Chairman.

The CHAIRMAN. I thank the gentlewoman.

I recognize the gentleman from Louisiana, Mr. Cassidy.

Mr. CASSIDY. A couple of things. I can't relate, I apologize, but in south Louisiana, historically the Mississippi River distributed as well as received tributes. Do you follow what I am saying? Kind of like the Federal Government. Now, part of our issue is, how do we restore in part the distribution of the sediment from the Mississippi River to rebuild our vanishing coastline? So my question is, in this initiative, is it elastic enough that we not only attempt to restrict sediment entering the river, but we also think imaginatively about restoring its distribution of sediment, which, by the way, would help our dead zone in the Gulf of Mexico by taking some of the nitrogen phosphorus and putting it out through marshes? Are you with me?

Mr. WHITE. Yes, it does.

Mr. CASSIDY. Second, I toured with the Army Corps of Engineers. And if it ever seems that the Federal Government is at cross purposes, sometimes it seems in the Mississippi, we certainly are. So is there any attempt to coordinate with the Corps, as they obviously are intimately involved with the coastline, to take this program and work with them so that it works for restoration as opposed to just being dumped out into the Gulf?

Mr. WHITE. Yes, sir. We are going to work with Interior, with the Corps, EPA, whomever wants to.

Mr. CASSIDY. Now, how is that process initiated? Is that inherent in this, or is it going to be dependent upon good-minded people making phone calls? Or is there no, in this legislation, by golly, you show up or you are shot?

Mr. WHITE. No. We are not quite that strident.

Mr. CASSIDY. I have more confidence than that.

Mr. WHITE. The way we are set up is Louisiana is going to be pretty much in control of what gets done in Louisiana. So you are going to see, from northern Minnesota, it is going to look a lot different than what it is going to look in your neck of the woods. And where those watersheds are, the practices they use, things like that will be essentially under local and state control, and we will look for our State Conservationists down there to work with the Corps. I think they have a pretty good relationship with all this. You know, we spend a fair, goodly amount of money on hurricane clean-up.

Mr. CASSIDY. Can I give you a specific example and make sure, just to document in my own mind?

Mr. WHITE. Yes, sir.

Mr. CASSIDY. False River is an oxbow river which a thousand years ago was cut off from the Mississippi. Grosse Tete Bayou is a bayou which was formerly fed by the Mississippi River running over the land and going down to the Gulf of Mexico. Levees were built and the False River and Grosse Tete Bayou were cut off from the river. But there is still farming activity and sewage which dumps into Grosse Tete which then clogs that up and inhibits its flow.

Now, it is part of the natural Mississippi River Basin, for but for 150 years, Pointe Coupee Parish means “cut-off” in French, and so it has been cutoff since the French discovered Louisiana.

So I guess my specific question is, could we include that basin in this effort even though technically it is not connected with the Mississippi River?

Mr. WHITE. Yes, sir. It could be. If the State of Louisiana picks that as one of their watersheds, it would be. They are not restricted to, it has to be adjacent to. A lot of it could be—

Mr. CASSIDY. I was told by my Corps people or was told by Rob Wittman that the reason for the cross-budgeting in the Chesapeake Bay initiative is that sometimes EPA would have a program, the Corps would have a program, you would have a program, and there was no metric to establish the success. The cross-budgeting was specifically to force these agencies to have common metrics so that if the EPA program was benefiting, the Corps would know it, that sort of thing. And so I go back to another question.

Aside from reassurances that everybody wants to do the right thing, do we need a formal mechanism in the Mississippi River that the Corps would absolutely, positively, on a formal basis, issuing joint reports, work with you to make sure that these projects maximize their benefit?

Mr. WHITE. No, sir. I don't think we need a directive to that. I think people working together, that is one of the priorities that Secretary Vilsack wants internally in USDA, for people, agencies to work across those silos we may have developed. And that applies to working with other Federal agencies as well.

If it becomes an issue, we will get back to you. I think that we will have a cooperative working relationship with the Corps and others. Specifically to the restoration of the floodplain, part of this project is the Wetland Reserve Enhancement Program.

Mr. CASSIDY. I saw that. Now, does the state drive this, or do you drive it? I mean, is the state saying, Corps, show up, or do you say, Corps, show up? And I am not blaming it on the Corps. I am just trying to cut through the kind of, oh, my gosh.

Mr. WHITE. We work primarily with private land owners. You know, if you as a land owner want to enter your land, that is who we would work with. On a higher level, we would try to coordinate with other agencies to make sure that we are not at cross purposes.

Mr. CASSIDY. Okay.

I yield back. Thank you.

The CHAIRMAN. The chair recognizes the gentleman from Ohio, Mr. Boccieri.

Mr. BOCCIERI. Thank you, Mr. Chairman. Two questions.

First, for Mr. White, I noticed in your testimony, sir, you talked about the Great Lakes Restoration Initiative. I would like to hear, if you could, you expound on how you will partner with states like Ohio that have already taken initiative to do research with respect to what we are doing on Ohio State University and the funding stream that comes back to the states? What does that mean, and will you help offset some of the costs that have already been done by the states?

Mr. WHITE. Okay. My understanding is for the Great Lakes initiative, something like \$475 million, and it is going to EPA. Well,

we have worked with EPA. And if the appropriation passes and is signed into law, essentially we would get about \$34 million of that in those eight states, and it would be disbursed in the various programs, like technical assistance, like EQIP, like the Farm and Ranch Land Protection Program. There are some of them. And we would look at the states, those eight states working together, to say, well, you need more EQIP; I need more WRP. And then we would work through our regular processes. And when I first heard about this, I was concerned about violating appropriations law, like we were augmenting what you all had appropriated. But there is a standard; there is some language that EPA has that we would not be violating appropriations law by adding money to EQIP, or WHIP, or whatever.

Mr. BOCCIERI. Do you know, Mr. White, if any of those initiatives would include dredging? Is that something that would—there are some channels that come into the Great Lakes where we are finding that ships cannot pass.

Mr. WHITE. No, sir. We don't do that. The dredging activities are really in the province of the Corps of Engineers.

Mr. BOCCIERI. Okay.

Mr. COPPESS, I apologize if this question has been answered already. But you said in your testimony, too, that the nation's largest carbon sequestration program has been conducted on private lands. Can you tell us how much has been sequestered, and what type of processes they are using?

Mr. COPPESS. Thank you, sir. I believe, as I understand it, about 58 million tons have been sequestered. And that is because you are taking—you are putting permanent cover on it, and those plants then sequester the carbon into the soil. I would be way out of my league if I tried to explain all the scientific bits that went into how they describe that. We have done some pretty significant analysis of it to get to that number.

Mr. BOCCIERI. Are you teaming up with any ag businesses that have done this research?

Mr. COPPESS. That is a good question. I don't know exactly who all we work with, but I can try to find out if we have a list of those that we work with outside of the government on that.

Mr. BOCCIERI. I would like to team with up with you. We have the Ohio State Research and Ag Research and Development Center in my district, and they are doing some remarkable research there. I would like to team up with you on that as well as make you aware of some of the things that Scotts is doing. They just opened another facility in my district, and they are from Ohio, Marysville, Ohio. They are doing some really neat stuff with carbon capture. So I would like to team up with you at some point.

Mr. COPPESS. Great. We would welcome the opportunity to work with you and the university. I know we do quite a bit with Ohio State, to continue those efforts and continue to team up on this. So I appreciate that.

Mr. BOCCIERI. Thank you Mr. Chairman. I yield back.

The CHAIRMAN. The chair recognizes the gentleman from Michigan.

Mr. SCHAUER. Thank you, Mr. Chairman.

And thank you both for your testimony. I am from Michigan, Michigan District 7, kind of the southern and central part of the state. Our story is probably similar to some other states but probably the worst of any, given our economy. Both of you in your testimony talked about working with local partners, state, county, and local. And our state budget has caused cuts to our land-grant university, Michigan State University, in some ways that help local farmers. Our county governments, that also fund conservation districts, have had to make tough cuts. So, the result is your partners are pretty severely weakened at the local level. I wonder if you can talk about that; if this title of the farm bill will help deal with that; or if we have given you the ability here in this Committee and in Congress to shore up local efforts so that agriculture isn't negatively impacted?

Mr. COPPESS. Thank you, sir. I think one of the best examples we have at FSA of working with local and state comes through the CREP programs, where the state and local folks actually target areas they need to work on, and then we get down there and work with them to make sure we are getting the conservation benefits for the dollar.

It is certainly difficult, and the Chief mentioned all the efforts that he has under way as far as field staff and bolstering that. We are doing the same thing at FSA where we need to focus on our field staff to get more effort and more ability on the ground. I think that will help in the situation. Of course, we face limited budget problems as well and whatnot. So it is never easy to do, but we are trying as much as we can through the authorities that we have.

I, sitting here today, wouldn't have anything additionally we would ask for at this time, but I think that we can better utilize what we have under CREP, under SAFE, under the public access programs, as we get that implemented to work with not just local institutions and entities, but continue to work with the farmers and groups of farmers that are interested in utilizing the programs that we have.

Mr. WHITE. Mr. Schauer, there are a lot of opportunities that you have provided in the 2008 Farm Bill that would allow us to work cooperatively with state agencies, local agencies, NGOs, whatever. In fact, there is kind of a directive there that we are to aggressively go out and seek technical assistance from sources where we may be deficient, like specialty crops. Your state has specialty crops, a lot of them. So we would look to form partnerships.

Another example would be the dam rehabilitation that this Committee initiated several years ago on those old small watershed dams that may need to be fixed up. We are going to do a big assessment. I would like to see our states enter into cooperative agreements, like with the state dam safety officials, to get those engineers to come out, and we could pay a goodly portion of that cost. So there are opportunities with technical service providers, with NGOs, with local governments where we can, to the extent our funding allows, enter into agreements to get technical assistance for our producers.

Mr. SCHAUER. Thank you both. I just wanted to make sure you are aware of the challenge that local communities are facing and farmers are facing on the grounds. So you have good people in our

state, and I appreciate you making sure they are aware and they are innovative as they are trying to support agriculture. Thank you.

The CHAIRMAN. I thank the gentleman.

Chief White, in reference to the CSP program, with the sign-up, how many do you think are viable? And, specifically, do you think all 33 million acres will result in contracts?

Mr. WHITE. No. We have the statutory limitation of 12.8 million acres are what we can enroll. And that would be like your Fiscal Year 2009 enrollment. It does have a continuous application process. We take an application right now. We are hoping to have the next batching or cutoff date like in January. So what we don't get this time would be eligible again for ranking in January. And depending on what we get then, we may do another one later on, or we may defer to 2011 when we would have the new authority for another 12.8 million acres.

The CHAIRMAN. What about the viability, though, of the people that sign up? The sign-up, what do you think of, is that viable? What do you think about that?

Mr. WHITE. Mr. Chairman, I was really pleased.

Now, obviously, with 21,000 applications, I don't have the depth of detail or what kind of enhancements folks are looking at as you would move from Maine to Hawaii. So we will have a better sense of that once we look towards the end of this month when they are ranked. But, one of the key things that the House did during the conference on the farm bill was the bar, the entry bar for the Conservation Stewardship Program. The House was arguing that a producer should only have to meet one resource of concern. I think the Senate was higher. And the conference committee went with the House proposal, and I think that opened it up to a lot more people. And, hence, we have had a lot more interest. And a lot of that came from this Committee.

The CHAIRMAN. Thank you.

I know Mr. Costa has a follow-up question. Does anyone on the minority side have a follow up?

Mr. Costa.

Mr. COSTA. You were talking, Mr. White, I believe about the methane program and the participation of dairies around the country. Specifically, it is my understanding, with a number of pilot projects that I am familiar with in the San Joaquin Valley, that they were participating. I don't know what the split was in terms of utilization of both state and Federal funds. But because, as you noted in your other comment, that we have indeed air quality problems as a nonattainment area, the air board indicated issues with these various methane digester pilot projects, and there have been challenges in terms of the continued operation of those.

One, are you aware of that? And two, if you are not, I would like you to look into it. Because, my question is this: I don't want the funding to be in jeopardy to the degree that those that have been able to participate as we are looking at Agriculture's role to play a part in renewable energies, if you have other challenging circumstances, that we can be able to continue that funding if we can work through that.

Mr. WHITE. Mr. Costa, I had heard there were some issues with methane digesters in the Valley. Is it NO_x? Is it methane? Do you know what the compound is that is causing these?

Mr. COSTA. My understanding is that it was NO_x and methane, both.

Mr. WHITE. I will follow up on it. And can I get back to you on that?

Mr. COSTA. Sure.

Mr. WHITE. Because that is an issue, because you would think that you are producing green energy and you are taking a waste product and turning it into energy, and it would be too bad if that is causing an air quality issue that would shut you down.

Mr. COSTA. Well, we have certain requirements both by the Federal EPA and the state EPA to achieve certain standards, both with stationary sources of emissions and mobile sources of emissions. We have done a tremendous job, I believe, in ratcheting down those stationary sources of emissions. The PM₁₀ level has gone from PM₁₀ to PM_{2.5}. So it is a tremendous effort that is taking place. But I concur with your comment, but the air board is still trying to figure out how they live with both the Federal and the state requirements based upon the fact that we are a nonattainment area.

Mr. WHITE. And your ranchers and farmers are doing some cool stuff. We are cost-sharing on a sprayer that would go through an orchard, actually kind of a sonar radar device that would turn the sprayer on and off. It could read where there is a tree there. We can see a 40 percent reduction in the volatile organic compounds just from that. So your producers are making some tremendous things.

Mr. COSTA. They are doing a good job. But under the category of no good deed goes unpunished, I would like you to get back to me on the other item.

Mr. WHITE. Yes, I am familiar with that category.

If I could, on this drought thing, one of the people sitting behind me is your California State Conservationist, Ed Burton. And California gets about \$58 million a year in EQIP, and he took \$3 million of that, and we were able to provide him with another \$1 million, and they did a special thing just to help your drought-impacted producers.

Mr. COSTA. I understand. We have lost about \$1 billion so far this year. We need more help.

Mr. WHITE. It is amazing. It is stunning. When you and Mr. Cardoza and Ms. Boxer on the 2008 Farm Bill were first talking about this air quality money, I will be honest with you, I thought it was kind of goofy until I saw it out there and I saw what those producers actually—how they were regulated and what was happening to them. And now I am a believer.

Mr. COSTA. Thank you.

The CHAIRMAN. The chair thanks the gentleman and recognizes the gentleman from Kansas, Mr. Moran.

Mr. MORAN. Mr. Chairman, thank you.

I just wanted to follow up with Mr. Coppess. Again, in 2010, if you are unable to do a general sign-up, there is a significant num-

ber of acres then coming out in 2010. What is the plan for those acres?

Mr. COPPESS. Correct. If we cannot do a general sign-up in 2010, again, I go back to the tools we have available. We used extensions in the past to get some of those acres re-enrolled. We would evaluate that again. We would look at CREP, the Conservation Reserve Enhancement Program, that continuous sign-up acreage potential, targeting certain initiatives. We are currently evaluating a series of these different initiatives that we might be able to undertake even now to take care or to get at what looks to be about 700,000 acres that are under the cap.

So we want to continue to push all of our authority to utilize each bit of that so we get ourselves as close to the cap as we possibly can. So, there, we have used extensions in the past. We have SAFE. We have CREP, continuous sign-up. Anything under there. And, of course, we welcome suggestions of other ways that, if your producers think there might be a way that we could utilize that existing authority and address the needs out there, we would welcome the suggestion.

Mr. MORAN. But none of that we are going to know until you determine or when it is determined, when the environmental impact statement is going to be completed. Is that where we are? I mean, we cannot tell producers or land owners what is going to happen until we know the time-frame of the completion of the environmental impact statement. Is that right?

Mr. COPPESS. Just on the general sign-up. SAFE, CREP, continuous. We can utilize the authority we have now to get those pieces moving.

Mr. MORAN. But you are not going to need those authorities if the environmental impact statement is complete and you are doing a general sign-up?

Mr. COPPESS. We would like to be able to still continue to utilize those tools as well if we do a general sign-up. And then our goal is to have out, to roll out a plan in the near future that we can explain to farmers what we can do, and kind of to target some of these initiative areas under the existing authority. So they are not mutually exclusive. In fact, general sign-up, if we do it, we continue to do SAFE and the others.

Mr. MORAN. What is the status of the environmental impact statement now?

Mr. COPPESS. It is in draft form. We are holding a public comment period or holding public meetings under this comment period. That actually ends Friday, October 9. And from that point on, and we take in all the comments on the various alternatives that have been proposed by the company doing the EIS; we take those in, evaluate them. From that, we then draft the final EIS, which goes through that evaluation process, publish that. And then once the final EIS is out, then we can get the reg published immediately thereafter. In fact, we are working on writing the regulation as we understand the information coming in.

Mr. MORAN. And you have penciled out the time-frame for this process to be completed then. When is that?

Mr. COPPESS. Right. As it stands now, the EIS would be published in June of 2010. And then that will give us a week or so

after that, depending on how things go, we would then have the regulation out.

Mr. MORAN. Mr. Chairman, thank you.

Thank you, Administrator.

The CHAIRMAN. The chair thanks the gentleman and recognizes the gentleman from Missouri, Mr. Graves.

Mr. GRAVES. Thank you, Mr. Chairman.

Mr. Chairman, my question is regarding EQIP in the farm bill. We stipulated that 60 percent of EQIP dollars are supposed to go to livestock producers, livestock practices, and I was just curious how the Administration intends to get there, and how you intend to maintain that once you get there.

Mr. WHITE. Yes, sir, Mr. Graves. We achieve that on a national basis. We continue, our plan is to continue what has been done since 2002. We are not going to make any changes in that. Basically, it has worked out really quite well on a national basis. You have states like Wyoming who value—they are going to spend 95 percent on livestock-related practices. You have other states that won't meet it. But, nationally, we have always been able to maintain that 60 percent, and we will continue to do so.

Mr. GRAVES. I think it is important there is some concern out there, but we want to make sure we will hit that.

The CHAIRMAN. The chair thanks the gentleman.

Any further follow-up questions? If not, the chair thanks the witnesses for their testimony today.

And Chief White, we look forward to your response to the question from Mr. Goodlatte and from Mr. Costa dealing with EQIP.

Under the rules of the Committee, the record of today's hearing will remain open for 10 calendar days to receive additional materials and supplementary written responses from the witnesses to any questions posed by a Member. This hearing of the Subcommittee on Conservation, Credit, Energy, and Research is adjourned.

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

[Material submitted for inclusion in the record follows:]

SUBMITTED LETTER BY HON. TIM HOLDEN

September 8, 2009

Hon. TOM VILSACK,
Secretary,
U.S. Department of Agriculture,
Washington, D.C.

Farm and Ranch Lands Protection Program
Docket number NRCS-IFR-08013

Dear Secretary Vilsack,

We have all submitted comments on the Interim Final Rule on the Farm and Ranch Lands Protection Program (FRPP) and understand that those comments will be considered as the USDA Natural Resources Conservation Service (NRCS) makes further changes to the Rule. However, in addition to those comments, which reflect differences in agricultural practices and regional perspectives, this letter is our joint expression over key, common issues. In short, we ask that NRCS give the states maximum discretion to implement FRPP as Congress has now directed.

Simply put, protecting farmland for future agricultural use is of utmost importance to every citizen of the United States. Going as far back as the late 1970's, our states and commonwealths have taken action to protect farmland so critical to maintaining the future viability of our agricultural sectors and rural communities. To date, the undersigned states are responsible for over 70% of all the acreage protected under state farmland protection programs. Since 1995, we acknowledge the important contribution of FRPP as a partner in our mutual efforts, with our states receiving 53% of all funds distributed by the program. We welcome NRCS as our partner and offer our perspective to improve the quality, efficiency and effectiveness of FRPP.

Unfortunately, we believe that the current Docket proposal does little to correct serious problems that undermine the purposes of the Food, Conservation, and Energy Act of 2008 (the 2008 Act) as they relate to the Federal matching fund program to support the acquisition of conservation easements on farmlands. The expectation among state farmland protection programs was that the 2008 Act would open the door to a more streamlined and effective Federal program with deference to state interests. The two Docket proposals issued this year do not accomplish that result and we conclude they will perpetuate the obstacles to providing matching funding, which predated the 2008 Act and which have served to frustrate and prevent greater state level participation. These expectations derive from the Congressional record and statutory amendments contained in the 2008 Act. We believe these can be summarized as: FRPP was changed from a Federal real estate acquisition program to a program that facilitates financial assistance to non-Federal entities for conservation easement acquisitions; and, FRPP was expanded beyond the purpose of protecting soils to protection of agricultural use and related conservation values.

Contingent Right of Enforcement

We commend USDA on its clarification of the contingent right of enforcement and decision to eliminate FRPP title standard requirements. However, we urge USDA to not only eliminate title standard requirements for cooperative agreements signed in 2009 and beyond, but to waive the requirements for projects that remain under 2007-2008 cooperative agreements. Further, we recommend that the Final Rule or FRPP policy manual allow flexibility in the wording of indemnification and environmental warranty language to address entity concerns and reduce conflicts with state laws and constitutions. Where conflicts cannot be reconciled, USDA should allow a waiver of the requirement.

Lastly, because of USDA's changed interpretation of the contingent right of enforcement, we urge USDA to re-evaluate all elements of the Interim Final Rule, policy manual and template cooperative agreement for their consistency with the new interpretation. Since USDA is no longer acquiring a Federal property interest but facilitating the purchase of easements by FRPP partners, USDA must also consider whether other aspects of program implementation that were predicated on the earlier interpretation should be modified accordingly. In our individual comments, we have suggested specific NRCS policies and procedures which should be re-evaluated.

Certification

We strongly recommend that USDA develop a meaningful certification process that provides significant and valued return to those entities achieving certified status. Eligible entities should be allowed to apply for certification. Certification criteria should include an entity's experience with agricultural conservation easement

transactions (not just with FRPP projects), capacity to complete acquisitions in a timely fashion and to effectively monitor and enforce easement terms, and the necessary appraisal and title procedures to safeguard the public's investment in the program. Once an entity is certified, the following should apply:

- Certified entities should be entitled to use their own easement terms and conditions without limitation, and be permitted to include or reject USDA language on indemnification and environmental warranty at their option;
- Certified entities should be entitled to use their own project criteria and selection process;
- NRCS title reviews of projects being done by certified entities would no longer be necessary;
- Appraisals would need to be consistent with state standards and undergo review by the respective agencies. Appraisal reviews at the Federal level have proven to be a major obstacle to program implementation, therefore, NRCS appraisal reviews of projects being done by certified entities would no longer be necessary;
- NRCS hazardous materials records searches, landowner interviews and site visits would not be necessary.

Easement terms and conditions

Every entity should be allowed an opportunity to negotiate with NRCS over the terms and conditions of their template conservation easement deed, and NRCS should defer to that entity's terms and conditions unless they fail to satisfy the three statutory requirements of Section 1238I(g)(4). While it is reasonable to give the Chief discretion to create standard minimum conservation deed requirements (Section 1491.22), such requirements should be limited in scope to ensuring that an entity's easement terms and conditions meet those three statutory requirements. Further, certified entities should be exempt from any minimum deed requirements.

Forest management plans

We strongly recommend that the rule be revised to eliminate the requirement for a forest management plan. With regard to the IFR's assertion that a forest plan is needed to document forest land eligibility, we note that the rule essentially continues the program's current requirements related to forestland eligibility—namely, that forest land may not constitute greater than $\frac{2}{3}$ of the easement area. We believe that eligibility determinations could be made in a number of different ways, one of which might be a forest management plan. A second method might be proof of the land's enrollment in a state's current use or forestry assessment program. A third might be submission of sales receipts or tax returns. Another might be certification by the State Forester as provided in many use value assessment laws. Therefore, we recommend that NRCS allow multiple means for providing forest land eligibility under this category, not just through a forest management plan, and recommend that state NRCS offices be given the discretion to tailor guidelines regarding forest land eligibility to the circumstances present in that particular state.

Impervious Surfaces

We believe that the only appropriate role for USDA with respect to impervious surfaces is to ensure that eligible entities include in their deed of easement an impervious surfaces limit that is "consistent with the agricultural activities to be conducted" under the easement. Because this is a determination that is best made at the state or local level, the appropriate standard should be left to the eligible entity to develop. We recommend that USDA allow as permissible impervious surfaces limits those that do not set numerical limits but provide for a review and approval process for agricultural structures. We welcome the contribution of our individual State Conservationists in the development of appropriate limits and standards.

National ranking consideration and proposal selection

We recommend that USDA waive national ranking criteria for eligible entities that can demonstrate that they have well-established program criteria for scoring or ranking farmland protection projects, developed with meaningful stakeholder input. Such a waiver should certainly be an element of any certification process. If such a waiver were instituted, we recognize that NRCS may need to compare projects within a state from entities for whom the national ranking criteria has been waived and for those for whom it has not. Accordingly, we suggest that NRCS identify broad categories of ranking criteria that must be considered by eligible entities in their criteria and selection process. USDA's own LESA (Land Evaluation and Site Assessment) model can provide guidance on criteria. These categories would ensure

consideration of a common set of resource and location issues such as soils, land type, farm size, development pressure and proximity to other farms and protected lands without imposing the specificity of nationally applied criteria on experienced entities as now envisioned by NRCS.

In closing, we appreciate your consideration of each of the issues outlined above and we request an opportunity to meet with you via a conference call to discuss these matters in more detail. We have asked the American Farmland Trust to work with NRCS Chief Dave White on arranging an opportunity for us to speak with you in the very near future. Thank you.

Sincerely,



F. PHILIP PRELLI, *Commissioner*,
Connecticut Department of Agriculture;



ED KEE, *Secretary*,
Delaware Department of Agriculture;



SETH H. BRADSTREET III, *Commissioner*,
Maine Department of Agriculture, Food
and Rural Resources;



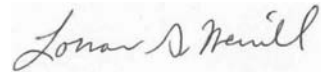
EARL F. HANCE, *Secretary*,
Maryland Department of Agriculture;



SCOTT SOARES, *Commissioner*,
Massachusetts Department of Agricultural
Resources;



DON KOIVISTO, *Director*,
Michigan Department of Agriculture;



LORRAINE S. MERRILL, *Commissioner*,
New Hampshire Department of Agriculture,
Markets and Food;



DOUGLAS H. FISHER, *Secretary*,
New Jersey Department of Agriculture;



PATRICK HOOKER, *Commissioner*,
New York Department of Agriculture
and Markets;



MARK FORNI, *Deputy Director*,
Ohio Department of Agriculture;



DENNIS WOLFF, *Secretary*,
Pennsylvania Department of Agriculture;



W. MICHAEL SULLIVAN, PH.D., *Director*,
Rhode Island Department of Environmental
Management;



KENNETH D. AYARS, *Chief*,
Rhode Island Division of Agriculture;



ROGER ALLBEE, *Secretary*,
Vermont Department of Agriculture,
Food and Markets;



GUSTAVE SEELIG, *Executive Director*,
Vermont Housing and Conservation
Board.

Cc:

DAVE WHITE, *Chief*, Natural Resources Conservation Service;
JON SCHOLL, *President*, American Farmland Trust.

SUBMITTED LETTER BY HON. TIM HOLDEN; ON BEHALF OF STEVE MOYER, VICE
PRESIDENT FOR GOVERNMENT AFFAIRS, TROUT UNLIMITED

October 16, 2009

Hon. TIM HOLDEN,
Chairman
Subcommittee on Conservation, Credit, Energy, and Research,
Committee on Agriculture,
Washington, D.C.

**RE: Public Hearing to review the implementation of the conservation title
of the 2008 Farm Bill**

Dear Rep. Holden,

Trout Unlimited submits the following letter for the record. Farm Bill conservation programs are critical to the success of TU's collaborative restoration programs on agricultural land. In the Potomac River Headwaters of West Virginia, TU has worked with landowners to install livestock exclusion fencing and revegetate streambanks on dozens of miles of brook trout streams with the help of the Natural Resources Conservation Service. In the Driftless area of the Midwest, TU has helped direct \$900,000 of WHIP funds to on-the-ground habitat restoration projects that benefit aquatic species and advance the goals of the National Fish Habitat Action Plan's Driftless Area Partnership. In addition, more than \$1.75 million will be invested in EQIP and WHIP contracts in the Driftless area over the next 5 years thanks to a Cooperative Conservation Partnership Initiative grant secured by TU. We wish to highlight these on-the-ground conservation successes made possible by the farm bill.

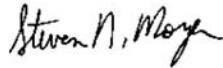
We also suggest some changes that would enhance the effectiveness of farm bill conservation programs. The Cooperative Conservation Partnership Initiative grant mentioned above will have a tremendous benefit for the lands and waters of the Driftless Area. The impact of the grant could be further strengthened, however, if a portion of the grant could be used for staff or administrative support. The time spent cultivating landowner participation and providing assistance during project implementation is an essential component of a successful project.

Two other factors hinder the effectiveness of farm bill conservation programs. One is the new payment cap under WHIP (\$50,000 per individual or legal entity per year). This cap unnecessarily restricts our ability to complete habitat restoration projects in cooperation with some landowners. The other is narrowing the WHIP program's eligibility to only private agricultural lands, nonindustrial private forest lands and Tribal lands. Allowing for at least a small number of strategically-located projects on private nonagricultural or on state or local public lands, as WHIP allowed prior to the 2008 Farm Bill amendments, served the program and the nation well. These problems could be addressed by enabling the Natural Resources Con-

servation Service to use a waiver for special cases in order to implement outstanding conservation projects.

Thank you for considering our input. Farm Bill conservation programs have long been a powerful resource for advancing TU's mission to conserve, protect and restore North America's trout and salmon fisheries and their watersheds. Thanks to your good work on the 2008 Farm Bill these programs will continue to benefit fish, wildlife, and local communities for years to come.

Sincerely,



STEVE MOYER.

SUBMITTED QUESTIONS

Responses from Jonathan W. Coppess, J.D., Administrator, Farm Service Agency, U.S. Department of Agriculture

Conservation Loan Program

Question 1. The loan program was authorized to receive money in the FY2010 approps bill. Are there rules ready to go to carry out a program for FY10? How are you going to proceed with implementation?

Answer. Proposed regulations to implement the conservation loan program are currently in the Agency clearance process. We project the final regulations for the conservation loan program will be in place by late summer 2010. FSA will begin processing conservation loan applications as soon as final regulations are in place.

Question 2. Will FSA work with NRCS to make sure conservation projects are being authorized and implemented?

Answer. Yes; any project funded with a conservation loan must be part of a plan approved by NRCS. FSA will work closely with NRCS and loan applicants to assure that projects are approved, funded and completed.

Question 3. Do either of you see any demand for a direct and guaranteed loan program to carry out conservation practices?

Answer. Yes, we anticipate that there will be demand for this program. The statute makes the program available to any size producer, even if credit is available from other sources. This is important, because although conservation projects are valuable in a public sense, they do not always provide an economic return to the producer. As a result, sometimes producers and their lenders are reluctant to finance large, expensive projects. The conservation loan guarantee program will reduce some of the perceived risks for lenders and allow them to offer better credit terms for conservation project financing. The direct loan portion of the program will include more favorable financing terms that will improve the economic viability of some projects for producers.

Grassland Reserve Program

Question 4. In the past, both agencies shared some responsibility for this program. Is this still the case? If so, what are the roles of each agency and how do you work together?

Answer. Yes, both FSA and NRCS share responsibility for GRP and the specific roles and responsibilities are defined in the MOU. NRCS is responsible for administering the easement acquisition process, while FSA is responsible for rental contracts and payments. NRCS provides leadership on regulation, and provides all on the ground technical assistance for both easements and rental contracts. FSA manages Financial Assistance funds, which includes making payments for rental contracts and easement acquisition. Both agencies collaborate on policy and day to day program management.

Question 5. We made some significant changes to GRP. Have there been any surprises during implementation?

Answer. Demand for GRP remains strong, both for rental contracts and easements. Only 4 eligible entities enrolled grasslands in FY 2009 using the new Cooperative Agreement option.

Question 6. We made some changes to the calculation of the appraisal process for some easement programs. How many appraisals were conducted for GRP? How has NRCS been calculating the appraisals? Is the valuation fair?

Answer. Option Agreements to Purchase and Cooperative Agreements were just signed for FY 2009 GRP easements enrollments. Twenty-eight states used geo-

graphic caps and appraisals or area-wide market surveys are currently being contracted this fall for the majority of the 68 easements funded to complete the new compensation process. Appraisals shall comply with the *Uniform Standard of Professional Appraisal Practice*.

Question 7. The 2008 Farm Bill split the amount of short term contracts and long term easements. Which option has been the most popular?

Answer. Both easements and rental contracts had higher demand nationally than funding allowed us to purchase. The 60/40 split was managed nationally to provide States flexibility to fund the highest quality grasslands. Forty-one States utilized rental contracts while 30 States enrolled easements.

Conservation Reserve Program

Question 8. FSA has been holding a series of meetings on CRP as part of your Environmental Impact Statement process, correct? Are you able to tell the Committee what you're hearing about the future of CRP and any concerns about the operation of the program at these meetings?

Answer. During the four weeks beginning September 14 and ending October 9, FSA conducted public meetings in the following nine locations: Spokane, WA; Great Falls, MT; Moorehead, MN; Manhattan, KS; Springfield, IL; Oklahoma City, OK; Clovis, NM; Albany, GA; and Harrisburg, PA. Over 400 interested members of the public attended these nine meetings. As part of this public meeting process, an open public comment period was established and closed on October 19. The comments are being catalogued and will become part of the administrative record for the Environmental Impact Statement as part of the NEPA process.

The vast majority of the comments received thus far during this open public comment period were very favorable to the CRP program as a whole. Program participants, agencies, and NGOs recognize the great benefits that CRP has produced over the last 20 years in protecting valuable soil, water quality and wildlife habitat. Most comments are in favor of raising the acreage limitation to the pre-2008 Farm Bill total of 39 million acres or even increasing this to 40 million or more. Many program participants expressed that participating in CRP is the most beneficial use of their more marginal lands, both economically and environmentally.

Question 9. It is my understanding that for several CRP practices, some states are at or close to their limit on acres for these practices, such as Upland Bird Buffers (CP-33) and State Acres for Wildlife Enhancement ("SAFE acres" or CP-38). Can you tell us the status of these two practices in terms of acres available nationwide and which states may be close to or at their limits and whether you're looking at providing additional acreage to those states?

Answer. Interest in the Upland Bird Buffers (CP-33) initiative remains very strong. The initiative has a national cap of 250,000 acres. The acres were initially allocated to the States based on expected enrollment. Subsequent re-allocations have occurred, as requested by States. However, the CP-33 initiative is close to reaching its National cap. Several States are at, or near, their State enrollment caps, including IA, MO, NE, SD, TX and TN.

The SAFE initiative has been very successful in several parts of the U.S. The initiative has a national cap of 500,000 acres. Currently, several States have pending offers that, if approved, exceed the project allocations. FSA currently has several requests for allocation increases. They are:

State	Project	Acres Requested
Mississippi	Bobwhite Quail	5,000
South Dakota	Western SD Grassland	20,000
Puerto Rico	Puerto Rican SAFE	500
Washington	Sage Grouse/Sharp Tailed Grouse (NEW)	50,000
Idaho	Columbian Sharp-Tailed Grouse	20,000
Nebraska	Upland Bird	5,000
North Dakota	SAFE Habitat for Pheasants	20,000
Georgia	GA Restoring Native Pine Savanna	5,000
Iowa	Gaining Grounds for Wildlife in IA	10,000
Total		135,500

FSA is actively exploring options to increase the numbers of acres available for SAFE. However, increasing acres for SAFE and CP-33 would be subject to administrative PAYGO.

Question 10. Can you tell us when the next general CRP sign-up will be held?

Answer. The FY 2010 President's Budget assumes there will be a general sign-up in Fiscal Year 2010. However, a date has not been scheduled yet for the next gen-

eral signup. The Secretary will decide when to conduct a signup or signups as he deems appropriate.

Question 11. Where do things stand with implementing the transition incentives for Beginning and Socially Disadvantaged Farmers for expiring CRP acres?

Answer. The Transition Incentive Program is currently included in the Environmental Impact Statement process for the second part of the CRP regulation and we expect it to be completed in the Spring of 2010. We are actively exploring interim approaches to ensure that beginning and socially disadvantaged farmers can get utilize this important opportunity.

Question 12. Out of the 985,527 acres who have accepted the extension, where are they located?

Answer.

Status of 9/30/2009—Expiring General Signup CRP

Data as of 9/30/2009 (Acres)

State	Originally Expiring 9/30/2009	Extended 3 or 5 Years	Expired 9/30/2009 ^a
Alabama	43,007	9,729	33,278
Alaska	1,544	673	871
Arkansas	9,976	3,361	6,615
California	4,216	1,521	2,695
Colorado	719,452	309,102	410,350
Delaware	553	0	553
Florida	4,348	866	3,482
Georgia	31,257	6,372	24,885
Idaho	62,188	15,689	46,499
Illinois	32,216	5,221	26,995
Indiana	9,492	1,681	7,811
IOWA	88,458	8,252	80,206
Kansas	425,120	93,837	331,283
Kentucky	9,979	1,312	8,667
Louisiana	7,819	1,807	6,012
Maine	1,195	0	1,195
Minnesota	61,122	5,342	55,780
Mississippi	50,921	14,854	36,067
Missouri	40,096	9,471	30,625
Montana	197,509	58,199	139,310
Nebraska	151,835	36,129	115,706
New Jersey	13	0	13
New Mexico	40,840	12,365	28,475
New York	2,182	164	2,018
North Carolina	7,573	2,698	4,875
North Dakota	219,923	32,972	186,951
Ohio	10,299	1,355	8,944
Oklahoma	159,579	57,362	102,217
Oregon	20,312	5,960	14,352
Pennsylvania	4,822	330	4,492
South Carolina	27,314	8,936	18,378
South Dakota	232,593	42,699	189,894
Tennessee	12,791	4,010	8,781
Texas	779,899	214,167	565,732
Utah	64,792	14,689	50,103
Virginia	3,133	525	2,608
Washington	98,219	20,873	77,346
West Virginia	121	0	121
Wisconsin	36,359	6,186	30,173
Wyoming	97,372	35,017	62,355
Total	3,782,683	1,044,610	2,738,073

^aLands that were not offered or that declined the extension offer.

Question 13. How many states currently have a CREP? How many are in the pipeline for approval? How many acres would be added to CRP if all the states wanting a CREP were approved?

Answer. There are 43 agreements across 32 States.

South Dakota has a new CREP Agreement that was signed by the Governor on October 9. FSA is currently evaluating Addendums to current agreements in three other States (Colorado, Indiana, and Washington).

Upon approval of the four Agreements mentioned above, a total of 155,000 acres would be added to CREP.

There are three States that have expressed an interest in submitting a new CREP Agreement (Colorado, Ohio, Pennsylvania,) and 4 States that have indicated an interest in modifying their current Agreement (Idaho, Illinois, Kansas and Wisconsin). None of these states have yet submitted formal proposals.

Question 14. You mention in your testimony 596 acres for the Aquaculture Wetland Restoration practice and 75 acres for the Flooded Prairie Wetland practice. Does this exceed expectation or was the signup less than expected?

Answer. The program began in July. FSA believes it is too early to assess if enrollment has met expectations.

Question 15. You mention in your testimony CRP is the nation's largest carbon sequestration program on private lands. Do you have any data on the amount sequestered or have that data broken down by state and practice?

Answer. CRP is estimated to reduce greenhouse gases by around 56 million metric tons (CO₂-equivalent) annually, including 48 million tons of carbon dioxide. However, these benefits cannot be assumed to be permanent as CRP rental contracts are not permanent and the producer retains the right to resume production on the land once the CRP contract has ended.

Estimates of total carbon sequestered are developed using CRP contract data. These data are sorted to identify CRP acres in grass, wetlands, and trees. For grasslands and wetlands, estimates of the carbon sequestered per acre are calculated from data in published reports and from estimates developed by the Agricultural Research Service and US Geological Survey. These data are merged with CRP contract data to estimate total carbon sequestered by CRP grasslands and wetlands. Because the carbon sequestered by forestlands varies by tree species and the age of the stand, the CRP tree data are sorted by region and age. US Forest Service estimates of carbon sequestered per acre by region, tree species, and age are merged with the corresponding data from CRP contract data. Total carbon sequestered is the sum of the grassland, wetland, and forestland estimates.

The FSA GHG mitigation estimates have been reviewed by the USDA's Office of the Chief Economist (OCE) and are viewed as the most comprehensive set of estimates for a USDA conservation program. OCE views these estimates as reliable and uses them as the best available information regarding greenhouse gas mitigation by the CRP.

We have breakdowns by region, but not by individual States. The reason for this is that the models used are not sufficiently detailed to provide State-level estimates. FSA estimates carbon sequestration by broad conservation practice categories: tree covers, grassland covers, and non-forested wetland practices. The table below provides total CRP greenhouse gas mitigation by region, along with sub-tables providing carbon sequestered by tree, grass, and wetland practices.

CRP Greenhouse Gas Mitigation (million metric tons CO₂ equivalent)

	2005	2006	2007	2008
Total Estimated Net CO₂ Sequestered				
Northeast	0.52	0.57	0.60	0.61
Appalachian States	1.49	1.61	1.62	1.70
Southeast	5.30	5.37	5.36	5.16
Delta States	6.30	6.87	6.84	6.54
Corn Belt	7.34	7.88	7.78	7.32
Lake States	3.94	4.12	4.04	3.86
Northern Plains	10.55	11.32	11.35	10.34
Southern Plains	5.14	5.39	5.36	5.12
Mountain States	5.17	5.42	5.38	5.17
Pacific States	1.83	2.05	2.04	2.02
United States Total Estimated Net CO₂ Sequestered	47.57	50.60	50.38	47.84
Mitigation from Fertilizer Reduction	5.14	5.30	5.43	5.12
Mitigation from Energy Reduction	3.56	3.68	3.76	3.55
United States Total Estimated Greenhouse Gas Mitigated	56.27	59.58	59.56	56.51
Total Net CO₂ Estimated to be Sequestered by CRP Tree Practices				
Northeast	0.20	0.22	0.25	0.27
Appalachian States	0.88	0.98	0.99	1.12
Southeast	5.17	5.24	5.23	5.05
Delta States	5.86	6.36	6.32	6.06
Corn Belt	1.41	1.65	1.59	1.56
Lake States	1.50	1.61	1.54	1.49
Northern Plains	0.37	0.41	0.43	0.47
Southern Plains	0.18	0.26	0.26	0.25

**CRP Greenhouse Gas Mitigation (million metric tons CO₂ equivalent)—
Continued**

	2005	2006	2007	2008
Mountain States	0.30	0.34	0.32	0.31
Pacific States	0.19	0.23	0.24	0.25
United States, Total	16.05	17.28	17.17	16.83
Total Net CO₂ Estimated to be Sequestered by CRP Grass Covers				
Northeast	0.32	0.34	0.35	0.33
Appalachian States	0.58	0.61	0.60	0.55
Southeast	0.12	0.12	0.12	0.10
Delta States	0.42	0.49	0.50	0.46
Corn Belt	5.67	5.95	5.90	5.47
Lake States	2.17	2.23	2.21	2.07
Northern Plains	8.81	9.51	9.46	8.57
Southern Plains	4.94	5.12	5.09	4.86
Mountain States	4.86	5.07	5.05	4.85
Pacific States	1.62	1.81	1.80	1.76
United States, Total	29.52	31.25	31.07	29.01
Total Net CO₂ Estimated to be Sequestered by CRP Non-Forest Wetland Practices				
Northeast	0.01	0.01	0.01	0.01
Appalachian States	0.03	0.03	0.03	0.03
Southeast	0.01	0.01	0.01	0.01
Delta States	0.02	0.02	0.02	0.02
Corn Belt	0.27	0.29	0.29	0.30
Lake States	0.27	0.28	0.30	0.30
Northern Plains	1.37	1.40	1.45	1.30
Southern Plains	0.01	0.01	0.01	0.01
Mountain States	0.01	0.01	0.01	0.01
Pacific States	0.01	0.01	0.01	0.01
United States, Total	2.00	2.07	2.14	2.00

Question 16. Are county governments able to utilize the 25% county acreage cap waiver authority yet? If not, when do you envision this authority being available?

Answer. Section 2708 of the 2008 Farm Bill provided new authority to exclude cropland acreage enrolled under continuous or CREP practices from the county-based enrollment limitations (25 percent for cropland and 10 percent for easement) with the concurrence of the county government; or, in other words, waive the cap. This provision is included in the second part of the CRP regulation that is currently undergoing an Environmental Impact Statement. FSA will continue to work to ensure that this authority be available as expeditiously as possible.

Question 17. Are there any contract holders utilizing the tree thinning cost-share assistance yet?

Answer. Although it is too early to have actual data, we understand anecdotally that there is interest in tree thinning.

Question 18. Do you have any sense about what's happening to those CRP acres whose contracts expired and were not extended? Are they being plowed up for crop production or staying in grass?

Answer. About 2.8 million acres expired September 30, 2009. Some of these acres could enroll in continuous CRP signup, other acreage will remain in a conservation cover, and some acreage may return to agricultural production. We don't have any estimates of the amount of acres that will go into each of these three uses.

Question 19. FSA recently sent out a notice to state and local offices taking down CRP maintenance payments again, after also sending out a notice in April of 2008 reducing them. This time, some payments were reduced to zero. Why these reductions? And where did these savings in spending go? Or did OMB cut back on your apportionment for maintenance payments?

Answer. The savings generated from reducing the maintenance payment were used to offset the cost of two administrative actions, described below, as required under the Administration's PAYGO policy.

Specifically, to offset the cost of the recent 3 and 5 year CRP contract extension offer, FSA removed the \$2/acre maintenance allowance for all future general signup enrollments. Under the Administration's PAYGO policy, any policy made at the discretion of the agency which imposes increased costs must be offset. FSA felt it was important to offer the extension because, without a FY 2009 general signup, these contracts would have been forced out of the program.

The earlier, April 2008, maintenance allowance reduction was done to offset the cost of several new and amended CREP agreements and the cost of additional incentive payments designed to encourage enrollment in CRP's wetland restoration practices.

Open Fields—Voluntary Public Access Program

Question 20. This is one of the only programs the Dept. has not made any movement on. Why are there delays?

Answer. The Voluntary Public Access Program is important to the Administration's implementation of the farm bill. FSA has expedited developing the regulations and plans to implement the program in FY 2010.

FSA Computers and Payment Tracking

Question 21. Earlier this year, the computer issues at FSA were impacting the ability to track direct attribution and other payment limit requirements and making it harder to get payments out the door. Can you describe the situation? And are things operating more smoothly now?

Answer. FSA implemented a suite of web-based shared services for Adjusted Gross Income (AGI), Direct Attribution, and Payment Limitations just prior to CRP payment processing on October 2, 2009. The implementation of the Direct Attribution (Payment Limitation) and AGI requirements was successful for the CRP payment process. The CRP payments are on schedule (over \$1.4 billion of the CRP payments have been delivered to Treasury for disbursement as of October 15, 2009). Approximately 900,000 payments have been made, with 41,000 remaining.

Currently, FSA software for several key conservation processes are in applications that reside on the legacy AS400 platforms rather than on a web-based platform. This includes the process for recording CRP contracts, CRP contract maintenance process, Grassland Reserve Program benefits, and Conservation Cost Sharing benefits. Also, full nationwide implementation of the Direct Attribution and the Payment limitation rules is dependent on transforming Conservation business practices into web-based and centralized data processes.

FSA is committed to the modernization of FSA program delivery and software applications. IT Modernization for many FSA programs is underway. FSA's MIDAS Investment will generate new modernized applications for Farm Programs and produce streamlined FSA business processes. FSA IT modernization supports scalable business and technical architecture to provide flexibility in adding, modifying, and retiring farm programs. Successful and timely completion of FSA Modernization will require sufficient funding and resources over the next few years.

Technical Assistance

Question 22. Have you discussed how your agencies can work together to address workload issues out in the field offices? Can you explain any overlap you have now in administering title two programs, both CRP and non-CRP? For instance, does FSA have any role in payment limits? And what is NRCS' role in CRP?

Answer. NRCS provides technical assistance for CRP, ECP, and GRP, and may be expected to provide technical assistance for BCAP when the program is fully implemented. Technical assistance includes conservation plan development, practice certification, status checks, and outreach. NRCS and FSA work closely together at all levels to ensure consistent, timely delivery of programs.

FSA understands that workload issues exist in the field offices. In certain instances, FSA utilizes third-party technical assistance providers.

Waiver of Payment Limits

Question 23. We included provisions in the 2008 Farm Bill that allowed for some of the payment limits and payment terms in conservation programs to be waived. Have you received any waiver requests?

Answer. For CRP, three AGI waiver requests have been received and approved; two for Hawaii and one for New York.

Questions Submitted By Hon. Adrian Smith, a Representative in Congress from Nebraska

Question 1. As you may know, I have previously contacted the USDA regarding wind erosion as it relates to the Environmental Benefits Index. In western areas of Nebraska, wind erosion is much more common and destructive than water erosion. Unfortunately, water erosion is usually given an elevated highly erodible land (HEL) grade when granting acceptance into the CRP program. Considering the statutory reduction in overall enrolled CRP acres, has the FSA considered differentiating highly erodible land as it relates to water erosion from highly erodible wind erosion lands, allowing only water to compete against water and wind against wind?

Answer. The EIB process has been evaluated periodically in the past to ensure that it is conducted as effectively as possible. FSA is currently evaluating the EIB, and will continue to work alongside NRCS throughout the evaluation. As part of that process, I would be happy to meet with you or your staff to further discuss ways in which we can make the EIB as effective and equitable as possible.

Question 2. Could you elaborate on the steps the FSA is taking to assist landowners with expiring CRP contracts as they make the transition?

Answer. FSA offered 3 or 5 year extension opportunities for contracts covering 1.5 million acres out of the 3.9 million acres that were scheduled to expire on September 30, 2009. Offering extensions to contracts covering more than 1.5 million acres could have disrupted ongoing continuous signups.

Offers were made to contract holders based on the highest environmental benefits or land with the highest inherent soil erosion potential.

Some of the expiring land could have been eligible for continuous signup enrollment. This could include wetlands, buffer lands along river and streams, and other practices. FSA notified all producers with contracts expiring on September 30, 2009, of opportunities to enroll in continuous signup, CREP, or Farmable Wetland Program.

Producers with highly erodible land, and wanting to participate in many of USDA's programs, are required to develop a conservation plan. Programs such as Environmental Quality Incentive Program and the Grassland Reserve Program may be utilized to reduce some of the environmental impacts of land use conversion.

Question 3. You stated in your testimony the combination of general signups and ongoing continuous signups are expected to maintain CRP enrollment at, or near, 32 million acres through 2012. If total enrollment for 2010 is less than 32 million acres, will the FSA have open enrollment? If so, will those with expired acres be allowed to re-enroll, and what index will be used?

Answer. With enrollment as of October 2009 at 31.1 million acres, there should be sufficient room to accommodate expected demand for continuous signup enrollment. The CRP's continuous signup opportunities are expected to continue to be available to producers throughout the year. We are currently discussing how best to treat expired acres.

Question 4. In the past, both agencies shared some responsibility for this program. Is this still the case? If so, what are the roles of each agency and how do you work together?

Answer. Yes, both FSA and NRCS share responsibility for GRP and the specific roles and responsibilities are defined in a Memorandum of Understanding between the agencies. NRCS is responsible for administering the easement acquisition process, while FSA is responsible for rental contracts and payments. NRCS provides leadership on GRP regulations, and provides all on-farm technical assistance for both easements and rental contracts. FSA administers the financial assistance funds, which includes making payments for rental contracts and easement acquisition. Both agencies collaborate on policy and day-to-day program management.

Question 5. We made some significant changes to GRP. Have there been any surprises during implementation?

Answer. Demand for GRP remains strong, both for rental contracts and easements. Only four eligible entities enrolled grasslands in Fiscal Year 2009 using the new Cooperative Agreement option.

Question 6. We made some changes to the calculation of the appraisal process for some easement programs. How many appraisals were conducted for GRP? How has NRCS been calculating the appraisal? Is the valuation fair?

Answer. Option Agreements to Purchase and Cooperative Agreements were just signed for Fiscal Year 2009 GRP easement enrollments. Twenty-eight states used geographic caps, and appraisals or area-wide market surveys are currently being contracted this fall for the majority of the 68 easements funded to complete the new compensation process. Appraisals must comply with the *Uniform Standard of Professional Appraisal Practice*.

Question 7. The 2008 Farm Bill split the amount of short term contracts and long term easements. Which option has been the most popular?

Answer. Both the easement and rental contract components of GRP had demand that outstripped available funding. The 60/40 split between rental contracts and easements was managed nationally to provide States flexibility to fund the highest quality grasslands. Forty-one States enrolled producers in rental contracts and 30 States enrolled easements.

Responses from Dave White, Chief, Natural Resources Conservation Service, U.S. Department of Agriculture

Agriculture Management Assistance Program

Question 1. With the addition of Hawaii to the list of eligible states receiving AMA program funds, have other states expressed an interest in the AMA program? If so, how many and which ones?

Answer. Yes. During drafting of the 2008 Farm Bill, Idaho and Virginia had been mentioned for possible inclusion in AMA. We have not heard about any interest since passage of the farm bill.

Question 2. AMA is split among three agencies and in the past there has been some concern about how that money was being split. Can you please give us a breakdown on how the money is currently being divided among AMS, NRCS, and RMA?

Answer. The 2008 Farm Bill statutory language clearly states how fiscal year funds are to be divided among AMS, NRCS and RMA. The language in Title II of the 2008 Farm Bill, Section 2801 (c) states that no less than 50 percent of available fiscal year funds shall go to the Natural Resources Conservation Service (NRCS), 40 percent to the Risk Management Agency (RMA), and 10 percent to the Agricultural Marketing Service (AMS).

Environmental Quality Incentive Program

Question 3. During the last farm bill there was a lot of interest in the formula used to distribute EQIP funding, and how we could ensure funding was allocated more regionally. What steps has NRCS taken to make sure some regions do not receive a majority of the money?

Answer. With the help of external recommendations, NRCS improved the EQIP allocation formula (along with a number of other program allocation formulas) in several areas in Fiscal Years 2007 and 2008:

Optimizing Factors—NRCS has optimized the number of factors in the allocation formulas to increase transparency and understanding as well as better address program priorities and statutory intent. This includes both eliminating factors that were redundant and adding new factors where appropriate.

Consistency—NRCS has worked to ensure consistency in formulas for like programs, using the same factors and data where appropriate.

Data Definitions and Sources—NRCS has worked to ensure that the most appropriate and current validated data, with common and agreed upon definitions, are the basis of our allocations formulas. Data comes from credible sources with nationwide data sources.

Improved Documentation—In an effort to increase transparency and facilitate understanding of our allocations formulas, NRCS has worked to improve the written explanations of our formulas and methodologies for Fiscal Year 2009.

Enhanced State Specificity—NRCS has incorporated state-specific data, including NRCS Activity Based Cost (ABC) data, to capture differences in state technical assistance requirements for some factors.

Cost of Program Model—NRCS is incorporating new data from its Cost of Programs Model to determine financial and technical Assistance proportional requirements for mandatory conservation programs.

Outcome-Based Performance—Using the GAO EQIP Audit, (September 22, 2006) as a guide and considering external recommendations, NRCS has incorporated outcome based performance measures where possible in allocation formulas. As other data on environmental outcomes becomes available, it will be evaluated for possible inclusion in the program formulas.

Factor Weighting Methodology—To increase transparency, NRCS utilized “paired comparison,” a scientifically based methodology, as part of the process to determine program formula factor weights.

Question 4. During the last farm bill there was a lot of discussion about the amount of carve outs on EQIP. For example, a percentage is used for beginning farmers and ranchers, organics, and CCPI. In your opinion, has this had a negative impact on the overall program and the ability to get money in the hands of producers?

Answer. The use of EQIP funds for special carve outs has had no negative impact on the overall program. Funds targeted to groups such as Beginning Farmer/Ranchers and Organic growers provide program resources to producers who traditionally have not participated in USDA programs. The CCPI program provides funds directly to producers to achieve EQIP and WHIP program objectives, and has the added benefit of leveraging resources from partners, adding value to getting conservation on the land. Leveraged resources from partners through CCPI allowed the

agency program funding to actually buy more conservation than if the program had been implemented independently. The total amount of Fiscal Year 2009 EQIP program funding obligated through CCPI was approximately \$18 million, representing less than two percent of the total EQIP financial assistance available. We feel we have struck the right balance between the base EQIP program and special initiatives that have the potential to have a focused impact on critical natural resource concerns.

Question 5. We included an organic provision in EQIP. Have you seen a great deal of interest in this component? Why or why not?

Answer. Yes, there was a great deal of interest in the organic component of EQIP. We received 2,368 applications and funded 1,203 contracts. We were able to obligate \$30,122,668 to producers under this initiative. However, the pilot year of the organic initiative was not without its challenges, including an abbreviated signup, new customer unfamiliarity with NRCS contracting processes, and a nationwide mosaic in the familiarity of NRCS staff with organic production. Many of these issues are being addressed for Fiscal Year 2010. We are working with our organic partners to make improvements to our organic initiative delivery.

Nationally, over 2,200 applications were received from organic producers, indicating that a significant number of growers have taken advantage of this new initiative. Considering that there are approximately 10,000 certified organic growers in the U.S., the total number of EQIP organic applications represent approximately 22 percent of certified organic growers, which we feel is a reasonable indicator that the effort to reach organic growers was successful.

Question 6. The Conservation Innovation Grant (CIG) was authorized as part of EQIP. How many applications did you receive as part of the last solicitation? How many were you able to fund?

Answer. 391 applications were received and we were able to fund 55 applications.

Question 7. What has been the most popular component of the CIG grant money?

Answer. In Fiscal Year 2009, water quality and wildlife habitat were the resources concern areas most popular.

Fiscal year 2009 CIG applications by resource concern category:

- Water Quality—Livestock: 43
- Water Quality—Non Livestock: 41
- Wildlife Habitat: 39
- Soil Resources: 30
- Energy Resources: 27
- Atmospheric Resources: 19
- Water Quantity: 19
- Forest Health: 18
- Grazing Lands: 17

Question 8. We changed the ground and surface water component in EQIP to an enhanced agriculture water enhancement program (AWEP) because the money was going to one specific part of the country. Have the changes we made helped disperse the money across the country? Has USDA used the priority areas as outlined in the report language? How has this had an impact on the funded applications?

Answer. Funding to support AWEP proposals was available to partners throughout the U.S. Priority area information included in farm bill language was incorporated into the ranking and evaluation processes used for Fiscal Year 2009. Over 190 proposals were submitted from partners throughout the U.S. and 63 projects in 22 States were approved for funding. Over 1,700 program contracts were obligated through AWEP. These contracts addressed water conservation and water quality issues on over 488,000 acres. We feel that the new AWEP program has addressed more producer concerns in a larger area than the previous Ground and Surface Water Conservation Program (GSWC) due to increased program funding, and also because AWEP leverages additional funding and technical resources from partners to help get conservation on the land.

Question 9. The farm bill included mandatory funds to be dedicated towards air quality. How has that money been spent? Has it been spent?

Answer. Yes, the air quality funds have been obligated in program contracts as required by statute authority. Nearly all of the \$33,825,000 in financial assistance funding has been obligated through EQIP in approximately 900 contracts to address significant air resource concern issues. Financial and technical assistance funds were focused on states and counties that EPA has designated as non-attainment areas. Producers will be implementing practices in two-to-ten year contracts to help

reduce particulate matter and ozone related pollutants generated from agricultural operations.

Question 10. How many EQIP contracts (and how many dollars) were granted to dairy producers in 2008? What proportion of the total EQIP contracts were invested on dairy farms?

Answer. For Fiscal Year 2008, 2,614 contracts were approved for \$99,310,497 to dairy producers. During Fiscal Year 2009, 2,162 contracts were approved for \$90,795,437 to dairy operations. For Fiscal Year 2009, approximately 6.8 percent of all EQIP contracts were associated with dairy producers.

Question 11. How many new practices or practice modifications will NRCS be publishing in 2010 to improve sustainability and reduce greenhouse gas emissions?

Answer. The following new and modified standards are scheduled for 2010 to address sustainability and greenhouse gas emissions:

- (316) Animal Mortality Facility
- (317) Composting Facility
- (328) Conservation Crop Rotation
- (590) Nutrient Management
- (367) Roofs and Covers for Animal Waste
- (313) Waste Storage Facility
- (359) Waste Treatment Lagoon
- (550) Range Planting
- (390) Riparian Herbaceous Cover
- (512) Forage and Biomass Planting
- (595) Integrated Pest Management
- (366) Anaerobic Digester
- (601) Vegetative Barrier
- (511) Forage Harvest Management
- (603) Herbaceous Wind Barriers
- (371) Airflow Filtration and Scrubbing
- (372) Combustion System Air Emissions Management
- (373) Dust Control on Unpaved Roads and Surfaces

Wildlife Habitat Incentive Program

Question 12. We changed the eligibility requirements for WHIP in the 2008 Farm Bill to ensure payments were going to producers and not country clubs or golf courses. How has this changed impacted the overall program?

Answer. NRCS understands the rationale for the changes to WHIP in the 2008 Farm Bill. The major changes—restricting the program to private lands and limiting participants to \$50,000 per year—have had unintended consequences for the program, however. In particular, aquatic habitat projects such as dam removals and fish passages, have been stifled. Because many of these conservation projects are carried out on public lands, despite the benefits they may accrue to private landowners, they are now ineligible for WHIP assistance.

Although public land projects represented only 6 percent of the contracts between 2005 and 2008, NRCS and public partners were able to develop significant wildlife habitat with the implementation of 57 fish passage projects. These projects benefit the entire nation since the public generally has access to these lands and they open up hundreds of miles of streams to aquatic wildlife that benefit all landowners along the water courses.

All WHIP planning, conservation construction activities, practices, or work on stream or river courses, which would occur below the ordinary high water mark in 16 States and below the low water mark in an additional 12 States (a total of 28 States), have been affected due to the public ownership status of these streambeds. An important point here is that potential participants and beneficiaries are private landowners on private land, but the stream or river courses that go through their properties are considered public land. There are at-risk and federally listed threatened and endangered fish and wildlife species that could benefit from these potential projects.

Amending the 2008 Farm Bill to reestablish the public land eligibility criteria for WHIP would enable NRCS to use the program to provide significant public and private landowner wildlife benefits, particularly in the east and in aquatic areas.

Farmland Protection Program

Question 13. Due to the change in the contingent right of enforcement and title standards, do you plan to reevaluate the applications or cooperative agreements that were made while the old rule was in effect?

Answer. The parcels enrolled before the 2008 Farm Bill was enacted, but not yet completed, were acquired by the Secretary of Agriculture under the 2002 Farm Bill. Those parcels are being acquired only after passing title review by the Office of the General Counsel utilizing the Department of Justice title standards. That requirement is a requirement of all Federal land acquisitions. The Attorney General has delegated the title commitment review to the Office of the General Counsel for USDA acquisitions.

The applications from which parcels were selected for funding before the 2008 Farm Bill was enacted will not be re-evaluated. The contingent right of enforcement is not relevant to those parcels. The terms of the cooperative agreements are linked to the farm bill and regulations that were in effect at the time that the funds were obligated.

Question 14. We established a certification process for FPP in the farm bill. Have many sought certification? Why or why not?

Answer. The 2008 Farm Bill directed the Secretary to certify eligible entities directly. NRCS established criteria for certification, which are: (a) an eligible entity has to have closed 50 percent of its easements within 18 months of fund obligation; and (2) that the eligible entity has to have demonstrated that proficiency over at least 50 enrolled parcels in FPP. The eligible entities' performance data was analyzed as of October 1, 2008 and seven eligible entities qualified for certification. The seven entities had enrolled 32 percent of all of the parcels ever enrolled in FPP. The certified entities had demonstrated a closing efficiency of 72 percent; the other eligible entities with at least 50 enrolled parcels had only demonstrated a closing efficiency of 32 percent.

Question 15. One of the major changes we sought to eliminate in the 2008 Farm Bill was the additional title search. Can you tell us today that additional title standard requirements are eliminated?

Answer. There will not be a title commitment review by the Office of the General Counsel to Department of Justice title standards on parcels in the 2009 cooperative agreements. Because FPP must limit non-agricultural uses, NRCS staff will review title commitments to ensure that non-agricultural uses are not permitted by an encumbrance to the title and that all liens are subordinated.

The right of enforcement is meaningless if there are encumbrances on the title that permit non-agricultural uses. OGC review of title commitments of parcels funded in 2006–2008 uncovered many title commitments with encumbrances and liens that were not subordinated. The Rights of the United States wouldn't have been enforceable if those title encumbrances had not been subordinated to the terms of the conservation easement deed. Landowners could have engaged in non-agricultural uses in violation of the farm bill because USDA had failed to have the encumbrances and liens subordinated.

Question 16. The 2008 Farm Bill included language on impervious surfaces. Can you tell us how NRCS is proceeding on how to set or evaluate the appropriate percentage for impervious surfaces?

Answer. NRCS has revised its model impervious surface limitation waiver process to permit impervious surface up to 10 percent. The factors are the same as the factors in the old process, but the process is re-scaled so the top percent impervious surface allowed is 10 percent. Parcels will be evaluated on a parcel-by-parcel basis. Cooperating entities will be able to propose their own waiver processes. State conservationists will have the authority to review and approve the processes, but they must be applied to parcels on a parcel-by-parcel basis.

Chesapeake Bay Program

Question 17. We established this program in the 2008 Farm Bill. Can you tell us what the level of producer interest has been?

Answer. Producer interest has been strong. There were 2,037 applications in Fiscal Year 2009. With the available funding, we were able to fund 41 percent, or 826, of those applications.

Question 18. In 2009, there was \$23M authorized for this program. How was the money spent?

Answer. NRCS State Conservationists in the six Bay Watershed States, with the help of State Technical Committees, selected priority subwatersheds. Producers in these subwatersheds received additional ranking points for their applications. State

Conservationists also selected priority practices to be highlighted for the CBWP. The top seven conservation practices in Fiscal Year 2009 were:

- Residue and tillage management, notill/striptill
- Nutrient management
- Cover crop
- Conservation crop rotation
- Fence
- Grassed waterways
- Heavy use area protection

67 percent of CBWP funding was obligated for these seven practices.

Question 19. Can you explain how the Department funds the Chesapeake Bay Watershed Program? In your testimony you say that \$23 million in funds were used from the EQIP program, does that mean \$23 million from the Bay Program were used through the EQIP program or that \$23 million of EQIP money was used.

Answer. \$23 million were apportioned specifically for the CBWP and were administered through EQIP.

Grassland Reserve Program

Question 20. In the past, both agencies shared some responsibility for this program. Is this still the case? If so, what are the roles of each agency and how do you work together?

Answer. Yes, both FSA and NRCS share responsibility for GRP and the specific roles and responsibilities are defined in a Memorandum of Understanding between the agencies. NRCS is responsible for administering the easement acquisition process, while FSA is responsible for rental contracts and payments. NRCS provides leadership on GRP regulations, and provides all on-farm technical assistance for both easements and rental contracts. FSA administers the financial assistance funds, which includes making payments for rental contracts and easement acquisition. Both agencies collaborate on policy and day-to-day program management.

Question 21. We made some significant changes to GRP. Have there been any surprises during implementation?

Answer. Demand for GRP remains strong, both for rental contracts and easements. Only four eligible entities enrolled grasslands in Fiscal Year 2009 using the new Cooperative Agreement option.

Question 22. We made some changes to the calculation of the appraisal process for some easement programs. How many appraisals were conducted for GRP? How has NRCS been calculating the appraisal? Is the valuation fair?

Answer. Option Agreements to Purchase and Cooperative Agreements were just signed for Fiscal Year 2009 GRP easement enrollments. Twenty-eight states used geographic caps, and appraisals or area-wide market surveys are currently being contracted this fall for the majority of the 68 easements funded to complete the new compensation process. Appraisals must comply with the *Uniform Standard of Professional Appraisal Practice*.

Question 23. The 2008 Farm Bill split the amount of short term contracts and long term easements. Which option has been the most popular?

Answer. Both the easement and rental contract components of GRP had demand that outstripped available funding. The 60/40 split between rental contracts and easements was managed nationally to provide States flexibility to fund the highest quality grasslands. Forty-one States enrolled producers in rental contracts and 30 States enrolled easements.

Wetland Reserve Program

Question 24. Under the WRP and other easement programs, the farm bill made changes in the statutory language to how appraisals are handled. Do you have a sense of how your staff in the field are implementing this provision? Are they using appraisals or one of the other methods spelled out in the bill?

Answer. Although we did not reach our acreage goal of 250,000 acres, our enrollment of more than 179,000 acres was more than twice the enrollment in Fiscal Year 2008. Much of that increase is due to the use of the new easement compensation procedures authorized in the 2008 Farm Bill. These procedures are used throughout the country. Essentially no appraisals were obtained for WRP parcels in Fiscal Year 2009.

States use several methods to arrive at their easement compensation values. The first step in the process is to determine the market value of the land. Almost all states utilize the area-wide market analysis or survey option to determine market

value. Once market value of the unencumbered land is determined, State Conservationists, with the advice of the State Technical Committee, determine the Geographic Area Rate Cap which represents fair compensation for the easement rights being acquired.

The use of geographic-based compensation procedures allows producers to know immediately what they will be offered as compensation for the easement. This saves both NRCS and producers time in the enrollment process.

Conservation Stewardship Program (CSP)

Question 25. In the proposed CSP rule, there is a discussion about the difficulties that the statutory “constraints” posed to those trying to model the outcomes on the program and mentioned that these same constraints will pose challenges in implementing the program as well. Can you tell us what these “constraints” are? Does it include the average per acre in the statutory language?

Answer. The constraints, referenced in 2008 Farm Bill Section 1238G(d), are the acreage limitation of 12,769,000 acres for each fiscal year, and also the need to manage the program to achieve a national average rate of \$18 per acre, which includes the costs for all financial assistance, technical assistance, and other associated expenses. Arriving at a conservation performance payment rate that will achieve the national annual acreage enrollment goal at the designated average costs per acre mandated in legislation will be a challenge given the variation of producers’ baseline resource conditions and demand for enhancements. To address these constraints, NRCS is using the first ranking period for “payment-rate discovery” to arrive at a uniform payment rate per conservation performance point by eligible land use type.

Question 26. Can you tell us where most of the new CSP contracts are? We are the 33 million acres?

Answer. Contracts will not be awarded until a late November time-frame. Below is a summary of application numbers and acres by State.

State	Application Number	Estimated Acres
AK	24	714,083
AL	482	264,039
AR	444	505,206
AZ	53	635,807
CA	351	641,562
CO	518	992,872
CT	12	1,108
DE	29	61,567
FL	128	105,392
GA	326	139,040
HI	17	2,363
IA	1,099	596,031
ID	141	242,374
IL	711	624,717
IN	230	180,684
KS	778	924,135
KY	199	85,195
LA	364	328,692
MA	9	1,042
MD	70	23,030
ME	86	67,759
MI	350	144,162
MN	1,685	853,526
MO	1,821	1,016,057
MS	247	169,606
MT	522	2,185,287
NC	117	48,573
ND	409	1,040,103
NE	2,683	4,340,159
NH	25	175
NJ	0	0
NM	390	3,299,155
NV	7	9,307
NY	317	157,281
OH	373	141,209
OK	660	1,012,827

State	Application Number	Estimated Acres
OR	539	1,407,356
PA	511	193,197
PR	31	1,734
RI	6	600
SC	455	271,871
SD	502	1,751,552
TN	307	117,303
TX	1,879	4,672,270
UT	57	293,076
VA	185	93,227
VT	8	1,291
WA	142	284,515
WI	745	354,395
WV	144	33,972
WY	93	576,984
Total	21,281	32,940,273

Question 27. Out of the CSP signup, how many do you think are viable? Specifically, do you think all 33 million acres will result in CSP contracts?

Answer. NRCS used a producer self-screening checklist to reduce technical assistance costs in helping potential applicants decide for themselves whether CSP is the right program for them and their operation. Producers completed the checklist independently to help themselves decide if they meet CSP eligibility requirements. Based on the use of the self-screening checklist, we are projecting that most of these applicants meet basic eligibility requirements. However, these acres must be field-verified before they are enrolled. This procedure was instituted in response to an OIG audit that determined NRCS entered into contracts with applicants who self-certified erroneous information about their operations. NRCS is authorized to enroll 12,769,000 acres for each fiscal year. Those applicants not selected for contract can choose to have their application deferred for funding consideration during the next ranking period.

Question 28. What percentage of the old CSP contracts are still being maintained?

Answer. According to our Programs Contracting System (ProTracts) there were 20,683 Conservation Security Program contracts active on September 30, 2009. Approximately 4,422 contracts expired at midnight on September 30, 2009, leaving 16,261 remaining active contracts entering into the Fiscal Year 2010.

Question 29. Part of the problem with old CSP program was that producers and others complained it was too complicated and hard to understand. What steps are you taking to make this new and improved program more producer friendly and easy to understand?

Answer. Key program design improvements made to simplify CSP include:

- Eliminated the complicated tier system to determine participation level.
- Reduced payment types from four to two:
 - Annual payment for installing additional conservation activities and maintaining existing activities.
 - Supplemental payment available on cropland for the adoption of resource-conserving crop rotations.
- Simplified basic land treatment eligibility—producers must address at least one resource concern at the time of application and a priority resource concern by the end of their contract.
- Designed and developed a conservation measurement tool (CMT) to estimate the level of environmental benefit of each producer's existing and planned conservation activities. The CMT replaced multiple resource assessment tools and functions to:
 - Determine basic eligibility.
 - Determine ranking score.
 - Establish annual payment.
- Based participation on how producer represents their operation for other USDA programs to eliminate complexity and inconsistency in operation delineation.

Question 30. What percentage of the old Conservation Security Program contracts were with dairy operations? Can you provide similar statistics when they are available on the new Conservation Stewardship Program?

Answer. Under the Conservation Security Program there are 334 contracts, 327 of which are still active, on dairy operations out of a total of 21,671 contracts from Fiscal Years 2004–2008. The percentage of contracts with dairy operations is 1.54 percent. We will be able to provide similar statistics for the Conservation Stewardship Program after contract obligation for this sign-up is complete.

Question 31. The Conservation Stewardship Program includes a provision for producers participating in CSP to initiate organic certification under the Organic Foods Production Act of 1990. What steps is NRCS taking to ensure that this provision is being implemented, and what steps is NRCS taking to ensure that the paperwork and planning that transitioning to organic and existing organic farmers must do and maintain under NRCS programs is streamlined and not duplicative of the planning and paperwork that the National Organic Program requires of participating farmers?

Answer. The 2008 Farm Bill recognized the growing interest and support of organic agriculture across the country by providing instructions related to organic production in programs that NRCS administers. For CSP, we responded by developing a document, “*Conservation Stewardship Program’s Contribution to Organic Transitioning—The Organic Crosswalk*”, which is available on our web site. The Organic Crosswalk provides a transparent means through which producers may initiate organic certification while participating in a CSP contract. It further assists producers in coordinating and simultaneously meeting eligibility standards under each program. We additionally developed program policy on how stewardship plan information will document the participant’s transition to or participation in the National Organic Program.

Question 32. Was there anything that surprised you about the CSP sign-up that closed last week? Such as the breakdown between crop, forest, pasture and rangeland? Any states that had more interest than you’ve seen before?

Answer. We are still tallying the acreage breakdown between land uses, so it might be premature to speak to that. On balance, we are extremely pleased with the positive response of producers to CSP, as reflected by application numbers and acres. We believe this indicates the purpose and design of CSP are close to being on the mark. Agricultural and forestry producers have a strong interest in a working lands conservation program that recognizes existing stewardship and delivers valuable new conservation. We are also extremely pleased, but not surprised, by how NRCS employees responded on short notice to not only learn a new program, but effectively deliver it in less than a three month timeframe. Their sustained performance is to be commended.

Question 33. One problem I see in the rule proposed by NRCS is this new \$40,000 a year limitation. We have heard from some producer groups that this might be a disincentive for producers to enroll. Since this limitation is not in the law, why did the Administration implement such a rule that I think could turn producers away?

Answer. The statute provides that the payments will be made to participants as soon as practicable after October 1 of each fiscal year for activities carried out in the previous fiscal year. This retrospective payment approach provides a critical control and improvement over the former CSP, which made payments for work yet to be completed. Those prospective payments have caused the agency to invest considerable administrative expense for our technical assistance account to recover payments from participants who failed to apply contracted conservation activities. The \$40,000 annual payment limit ensures that NRCS will make payments to participants each fiscal year. It additionally eliminates the risk of making contract payments prospectively for participants with large contracts who might otherwise reach their contract limit as early as year one of their contract.

Question 34. The explanation accompanying the interim final regulation explains that the \$40,000 limit is necessary to ensure that participants who might reach their limit early in the contract will have an incentive to meet their obligations over the life of the contract. However there are extensive enforcement provisions in the regulation including authority to require repayment of all benefits with penalties and ineligibility for all conservation programs. Since the participant is entering into a contract and there is extensive enforcement authority why is an additional limitation required?

Answer. Recovering payments due to contract violation cuts into technical assistance funds NRCS would prefer to invest in providing technical services to contract participants to apply new conservation activities. Given that NRCS must manage the program to achieve a national average rate of \$18 per acre, which includes cost

for technical assistance, we need to limit administrative expenses for contract non-compliance.

Technical Assistance

Question 35. Anticipating that the regulations governing and practices of organic agricultural systems might be relatively new to NRCS and its staff, the 2008 Farm Bill also included provisions to ensure that NRCS provides adequate technical assistance for the implementation of conservation practices by producers involved with organic production, including through cooperative agreements with other agencies and nongovernmental organizations.

Can you please describe the steps that you have taken and will take to ensure that NRCS staff both have the knowledge about organic agriculture and can provide adequate technical assistance to producers involved with organic production, both through technical assistance provided by NRCS as well as through assistance provided through cooperative agreements with agencies and nongovernmental organizations that have expertise in organic agriculture?

Answer. During Fiscal Year 2009, NRCS reviewed all of our conservation practices at the national and state level to determine their applicability to organic farming operations. The review identified a few cases where state standards needed to be modified to allow organically approved products to be used (i.e., seed certification, non-treated fence posts). The technical treatment and practices to address resource concerns (soil erosion, soil quality, water quality, irrigation water management, air quality, plants, and animals) on organic operations are the same basic technologies used on non-organic farms.

In addition, NRCS also used the *Federal Register* to solicit comments from the public on our conservation practices. Additional comments were received to improve our conservation practices for organic operations.

NRCS created a \$50 Million EQIP Initiative (special funding pool) for organic producers and those transitioning to organic production to apply for financial assistance to apply needed conservation practices to facilitate their organic operations. Additional guidance and training was provided to NRCS state and field staff on special planning consideration for planning conservation practices on organic farms.

NRCS also developed a special conservation activity under EQIP where approved Technical Service Providers (TSP) would develop a Conservation Plan (138) for organic farms or for farms transitioning to organic operations.

We also developed a website on Organic Agriculture to address technical and financial assistance available for organic producers. The website also identifies NRCS contacts in each state to address issues related to organic production.

The NRCS Technical Service Provider Team and Ecological Sciences Division have met with representatives from the Sustainable Agriculture Coalition and Integrated Pest Management Institute to develop training curricula for technical service providers and to exchange ideas about incorporating organic agriculture techniques into NRCS criteria. The Technical Service Provider Team is working closely with these organizations to develop Memoranda of Understanding.

NRCS has met with non-governmental organizations representing sustainable and organic farming to listen to their concerns and suggestions for NRCS programs. NRCS also meet with the Agricultural Marketing Service (AMS) to ensure the NRCS programs did not conflict with the National Organic Program.

Finally, the three NRCS Regional Technical Centers are developing additional training for NRCS personnel to better serve the organic farming community.

Question 36. The 2008 Farm Bill included a definition of technical assistance. Can you tell me if this has been beneficial? Do people have a better understanding of what technical assistance is?

Answer. The inclusion of a definition of technical assistance in the 2008 Farm Bill has increased the effectiveness of farm bill programs by allowing activities that will accelerate the implementation of conservation practices. The definition of technical assistance was further expanded in the technical service provider interim final rule and several positive comments were received from the public with suggestions to further explain what activities are included in this definition.

Question 38. The groups that tried to utilize the Technical Service Provider system had a number of concerns about trying to get certified, from the payment rates to a lack of support from some State Conservationists. What are your thoughts on the use of third party providers and how do you intend to utilize them to help with a growing workload and a fairly stagnant NRCS workforce?

Answer. In Fiscal Year 2009, NRCS signed agreements or renewed the certification of 423 individual TSPs and 21 businesses. There are now more than 1,110 individual TSPs and 88 businesses certified and available to help program participants apply conservation. Since the passage of the 2002 Farm bill, NRCS has obli-

gated over \$300 million to acquire TSP technical services. In Fiscal Year 2005 NRCS invested \$49.9 million, in Fiscal Year 2006 \$55 million, in Fiscal Year 2007 \$42.5 million, in Fiscal Year 2008 \$36.8 million, and in fiscal 2009 \$46.7 million.

Looking ahead, NRCS has selected GeoAgro to serve as the first national transaction handler for a Conservation Transaction Plug-In (CTP) application. With a commercial transaction handler in place, TSPs nationwide will be able to “check out and check in” producers’ conservation plans and folders from the TSP’s own computer. Implementation of this plug-in is scheduled for December 2009.

Question 39. The farm bill required you to review conservation practice standards, and it also called on the agency to specifically review the needs of specialty crop, organic and precision agriculture. Has this review been carried out at the national and state levels?

Answer. During the summer of 2008, all NRCS conservation practices were reviewed at the national and state levels. The review identified a few cases where state standards needed to be modified to allow organically approved products to be used (seed, non-treated fence posts). The basic technology in the conservation practice standards to address the resource concerns applied to organic and non-organic farming operations. In some cases, different practices would be used to address a resource concern, but practices and flexibility within the practices are adequate for both organic and non-organic operations.

All NRCS conservation practice standards are reviewed at least every five years, and more often if needed to address a concern or new technology. As we progress through our conservation practice revisions we are ensuring the criteria, where appropriate, is adequate to address organic farming, precision agriculture, and specialty crops.

During the summer of 2009, NRCS published all of our conservation practice standards in the *Federal Register*. We received 34 comments from individuals, non-governmental organizations, and government agencies. These comments are being documented and recommendations are being developed to address the commenters’ concerns.

Regional Equity

Question 40. Regional equity was changed so that states which received less than \$15M in conservation program funding would be a regional equity state. Are more states considered regional equity states? If so, how many and which ones? What impact has this change had on existing regional equity states?

Answer. In Fiscal Year 2008, states that received less than \$12 million were considered regional equity states. In Fiscal Years 2008 and 2009, there were 13 Regional Equity states. If the increase from \$12 million to \$15 million had not occurred, Vermont, New Hampshire, Maine, Hawaii and Alaska would be the only Regional Equity states in 2009.

Waiver of Payment Limits

Question 41. We included provisions in the 2008 Farm Bill that allowed for some of the payment limits and payment terms in conservation programs to be waived. Have you received any waiver requests?

Answer. Yes, five requests for AGI waivers were submitted with 4 waivers being approved in Fiscal Year 2009.

Seventeen requests for payment limitation waivers were submitted with 11 waivers being approved in Fiscal Year 2009.

Environmental Services

Question 42. The 2008 Farm Bill contained a provision to facilitate the participation of farmers and landowners in environmental services markets. Can you tell us the status of the provision’s implementation?

Answer. NRCS recognizes that environmental benefits will be achieved by implementing conservation practices funded through NRCS programs, and that environmental credits may accrue through the implementation of practices compatible with the purposes of NRCS contracts. NRCS asserts no direct or indirect interest on these credits. However, NRCS retains the authority to ensure that operation and maintenance (O&M) requirements for improvements funded through USDA conservation programs are carried out by program participants. Where environmental services activities may impact the land under an NRCS contract, participants are highly encouraged to request an O&M compatibility determination from NRCS prior to entering into any credit agreements.

RC&Ds

Question 43. There was language included in the farm bill that directed NRCS to designate a coordinator for each RC&D council. There have been concerns among

local RC&D councils that the folks they were supposed to be working with had other responsibilities in addition to their coordinator position. Can you tell us what your current goal is in regard to RC&D coordinators and what the level of funding in the FY10 ag approps bill will allow you to do?

Answer. Our goal is to have a full-time Coordinator for each of the 375 RC&D Councils. Current estimates, however, indicate that the current funding level is insufficient to accomplish this goal. Adjustments are being made to the Fiscal Year 2010 RC&D allocation formula that will give more weight to the practical costs of operating each RC&D Council. This will allow some States to fill vacant Coordinator positions, or adjust workload priorities to increase the level of RC&D assistance.

