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From: RMinnich@cotton.org
Sent: Tuesday, October 05, 2004 1:28 PM
To: FarmBillRules
Subject: Conservation Security Program

Attachments: CSPcomments10-04.doc



CSPcomments10-04.doc (548 KB)

The National Cotton Council respectfully submits these comments to the Proposed Final Rule for the Conservation Security Program. If you have any questions please feel free to contact me.

Robbie Minnich

Robbie Minnich
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National Cotton Council
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October 5, 2004

Conservation Operations Division,
Natural Resources Conservation Service,
P.O. Box 2890
Washington, DC 20013-2890

Dear Sir:

The National Cotton Council of America is pleased to submit additional comments on proposed rules for the implementation of the Conservation Security Program (CSP) as provided for in the Food Security and Rural Investment Act of 2002.

The National Cotton Council is the central organization of the United States cotton industry. Its members include producers, ginnery, cottonseed processors and dealers, merchants, cooperatives, warehousemen, and textile manufacturers. While a majority of the industry is concentrated in 17 cotton producing states, stretching from the Carolinas to California, the downstream manufacturers of cotton apparel and home furnishings are located in virtually every state.

The industry and its suppliers, together with the cotton product manufacturers, account for one job of every thirteen in the U.S. Annual cotton production is valued at more than \$5 billion at the farm gate. In addition to the fiber, cottonseed products are used for livestock feed, and cottonseed oil is used for food products ranging from margarine to salad dressing. While cotton's farm gate value is significant, a more meaningful measure of cotton's value to the U.S. economy is its retail value. Taken collectively, the business revenue generated by cotton and its products in the U.S. economy is estimated to be in excess of \$50 billion annually. Cotton stands above all other crops in its creation of jobs and its contribution to the U.S. economy.

In our initial comments of March 1, we were concerned that producers' expectation of the benefits of the CSP could be negative because of the limited scope of the program and the complexity of the eligibility criteria. We commented on the criteria used to select the watersheds and the availability of adequate technical assistance. Specifically we expressed concern on the definition of an agricultural operation, watershed prioritization, application process and funding issues.

As there were very few watersheds with major cotton acreage in the initial signup, it is difficult to adequately assess the extent to which our concerns were addressed. However, after discussions with some NRCS state officials and several producers who went through the application process and ultimately were accepted into the program, we were able to get some perspective.

Overall, our impression is that the first signup went well. The fact that all eligible applications were accepted speaks well for the applicants and the technical assistance provided. The only downside to this high level of applicant acceptance could be the unrealistic expectations in future signups from future applicants of this same level of acceptance. The growers we spoke with thought the self-assessment handbook was straight forward and relatively easy to work through. Adequate technical assistance appeared to be available to assist applicants.

As to the specific concerns we raised in our initial comments, we commend NRCS for apparently adopting a definition of an agricultural operation consistent with other USDA agency definitions. We believe that will make it easier for growers to understand CSP and for NRCS to determine eligibility. Concern was expressed by successful applicants about the limitation for one application per operation. Generally when commercial-size operations apply conservation practices to their operation, they do so over their entire operation. Therefore by limiting their eligibility to one entity within their operation, they had to forego other parts of their operation that also met the same criteria as the one which got into the program.

We were encouraged that a majority of the successful applications were at Tier II levels and that growers got credit for enhancement practices that were already established to meet this level's eligibility. This interpretation is in keeping with the principle of rewarding growers for conservation implementation. From our discussions, it appears that district conservationists had flexibility in working with individual growers to determine eligibility. Such efforts were enhanced by growers with good input and practices records. This is a point that should be emphasized in future educational efforts. Evidence of control of the land by tenants did not appear to present many eligibility constraints based on what we heard from some applicants, however other states apparently required differing amounts of evidence. It is important that as this program moves forward that all offices use a standardized procedure.

Based on our limited observations, cotton producer participation appears to be positive for this first round of signups. However, we cannot gauge the level of grower understanding within the eligible watersheds. We believe it will be difficult to raise the interest level from other growers around the country unless they are within a selected watershed. In other words, the education process for this program will be long-term and geared to degree of watershed expansions. We recommend that NRCS expand its training to more state offices rather than limiting training to the states with eligible watershed in each signup. As CSP expands in the future, it will be imperative that producers across the country understand what is needed to enroll, be eligible and participate in the program. While a producer may not be eligible to enroll in CSP this year because of his watershed, it would be helpful to the producer to understand the program and what it will take to qualify. This will allow producers to begin efforts now to improve their conservation practices in order to qualify for CSP and hopefully qualify for a higher tier than they would have otherwise. It is our understanding that an evaluation session is scheduled to assess the initial signup process. Such information

should be shared with all NRCS offices in order for them to adequately prepare their staff and producers for the program when applicable. At the appropriate time, the National Cotton Council would welcome the opportunity to discuss the first signup and plans for future signups.

Because the initial watershed selection was limited due to funding caps, technical assistance was concentrated to a relatively small number of applicants. For example, the Little River Ditches watershed had 100% acceptance level of applications. We believe there is a direct correlation to this number and the amount of effort and one-on-one time that state offices and district conservationists were able to spend with producers. Since this is a new program there will be a steep learning curve for both NRCS staff and producers. As the number of eligible watersheds increase with additional funding, improved educational efforts such as public workshops will be necessary to assist a growing number of applicants.

Future signups should provide for adequate education and application timetables and should target early spring in order to get ahead of heavy farming activities. Continued emphasis on third-party technical assistance should be stressed to provide additional help to applicants. As the program expands, growers will need additional education on a more public basis as one-on-one availability with state and district conservationists will be limited. The National Cotton Council offers any assistance we can provide in organizing and facilitating educational efforts.

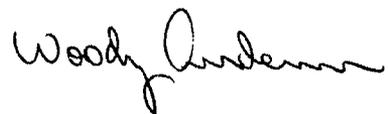
Finally, while we are unable to adequately evaluate the watershed selection process, we would urge that as many cotton-intensive watersheds as possible be included in future signups. NRCS should provide both state offices and producers a list of watersheds in priority order. While we understand the need to assist the worst watersheds, we believe a comprehensive approach should be used to ensure regional distribution. By announcing the watersheds in advance, states, district conservationists and producers could have some type of time line (funding assumed) to begin preparations for this program. A broad geographic distribution of eligible watershed would also generate a broader base of overall support for the program.

We recognize the tremendous task ahead for NRCS as it endeavors to expand the CSP to a nation-wide program. As we have stated, our limited observations indicate that the first signup was a success. It is our desire that the program be expanded as rapidly as can be managed efficiently.

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We commend NRCS for a good start to this program and look forward to a continuation of cooperation as the program expands to more growers. We appreciate the opportunity to provide these comments.

Sincerely,

A handwritten signature in cursive script that reads "Woody Anderson". The signature is written in black ink and is positioned below the word "Sincerely,".

Woody Anderson
Chairman, National Cotton Council