

nrCS

N440

From: mblagg@owgl.org
Sent: Tuesday, October 05, 2004 6:13 PM
To: FarmBillRules
Subject: Conservation Security Program Interim Final Rules Comments
Attachments: ATTACHMENT.TXT; CSP Scaned Letter 10504.doc

Please find attached a letter sent by Tammy Dennee, Executive Director of the Oregon Wheat Growers League.

Marilyn Blagg
Administrative Assistant
Oregon Wheat Growers League
541-276-7330
Fax:541-276-1723

AEEC RECEIVED

OCT 06 2004



N440
"Serving Oregon Wheat Producers since 1926"

October 5, 2004

Financial Assistance Programs Division
Attn: Conservation Security Program
Natural Resources Conservation Service
Post Office Box 2890
Washington, DC 20013-2890

Sent via E-Mail: FarmBillRules@usda.gov

RE: **Conservation Security Program Interim Final Rule Comments**

Dear Chief Knight:

The Farm Security and Rural Investment Act of 2002 represented a historic commitment to conservation on working lands through both increased funding and important new programs, including the Conservation Security Program (CSP). President Bush specifically cited the bill's strong conservation features when he signed it into law on May 13, 2002. CSP provided a new direction in conservation by rewarding good stewards of the land for continuing and maintaining conservation practices.

The OWGL supported the inclusion of CSP in the 2002 Farm Bill under the premise the new program would be: Inclusive of all farmers; Participation would be Voluntary; and the program would reward farmers for their conservation practices retroactively.

The OWGL commends the Natural Resources Conservation Service (NRCS) for developing a proposed regulation for implementing a new, far-reaching, innovative program on a national basis. It is recognized that this task was made even more difficult due to a capped entitlement in the initial year of implementation and with unknown and changing funding levels. Our producers have been looking forward to this program because it will substantially help them achieve their conservation and environmental goals.

However, because of the complexity of the proposed regulation and the limited areas of participation, we are concerned that the initial reaction by our producers to CSP has been negative. We believe that many will determine the potential benefits that could be derived from such a program will be offset by the complex requirements for application and inability to determine whether their contract will ultimately be approved. The challenge will be to overcome this discouragement by simplifying procedures to the extent possible and broadening the opportunities for participation.

In general we would urge regulations be simplified and less regimented as to the initial selection criteria for eligibility. Also latitude should be given to State Conservationists and their staff (with input from local producers) to craft a program which addresses the most pressing environmental and conservation needs in their state or regions of their state. To maximize the federal expenditure of conservation funding, the program should be applicable to commercial-size operations. The program should also be implemented on a diverse geographic basis in order to give a broad number of producers in as many regions as practical a good sense of how functional the program could be. We are concerned that too much emphasis is placed on soil and water quality rather than addressing other conservation concerns that may be applicable to various regions. Air quality, water and energy conservation, wildlife and other environmental benefits should be allowed for as part of base practices and enhancement programs.

Oregon Wheat Growers League *	115 S.E. 8th St. *	Pendleton, OR 97801
Phone (541) 276-7330 *	Facsimile (541) 276-1723 *	http://www.owgl.org/

The current rule has added three eligibility restrictions not included in statute: **A new requirement to meet both soil and water quality criteria prior to participation in Tier I and Tier II adds new restrictions, which will severely limit eligibility by anyone other than those who have already achieved what the program sought to create.** The CSP program should allow anyone to enter a Tier I contract which requires only the "adoption and maintenance of conservation practices that address at least one identified resource problem on part of the agricultural operation" or Tier II contract which requires the "adoption and maintenance of conservation practices that address at least one identified resource problem on all of the agricultural operation."

While we understand the initial reasoning for targeting watersheds, we would contend that CSP should be available to all agricultural producers throughout our nation, rather than in only a few watersheds. The lack of completed soil maps should not preclude a grower from participating in the program. NRCS staff should invest themselves in identifying a secondary method for the selection of watersheds where soil maps do not currently exist.

Enactment of the 2004 Omnibus Appropriations measure removed funding limits previously imposed on this program. The CSP was created to be operated as a mandatory program without arbitrary limits and we believe Final Rule must reflect the mandatory status of the program at the current time and must include extensive revisions to the budget driven application, implementation and eligibility requirements in the proposed regulation. These modifications are essential to allow the CSP to be implemented on an equitable nationwide basis.

Specific Recommendations:

Definition of Agricultural Operation:

One of our main concerns pertains to the definition of an agricultural operation. The proposed definition of an agricultural operation as "all agricultural land and other lands determined by the Chief, NRCS, whether contiguous or noncontiguous, under the control of the participant and constituting a cohesive management unit, where the participant provides active personal management of the operation," is too broad in scope and subject to inconsistent interpretation. This definition is also inconsistent with any description in any other conservation or farm program. It would require a complicated eligibility determination process for NRCS that would be new to the agency and the producer.

Under the current definition this program would only be viable for small farmers who own contiguous property. In most commercial-size farms, producers operate many different units with multiple landowners. These operations within a county are defined by common operators who must meet specific eligibility requirements, including definitions of active management, for federal farm programs. The definition of an "agricultural operation" for purposes of implementing and administering the CSP should be similar to Farm Service Agency farm definitions and allow for tenants to work with multiple landowners. This would facilitate eligibility determinations for the agency and the producer.

We are equally concerned about the proposed eligibility requirement that would require the applicant to have control of the land for the life of the CSP contract. Many rental arrangements in all areas of the country are on an annual basis. In addition, annual contracts are currently more prominent with the annual signup requirements for the current farm bill. While multi-year rental contracts do take place, it would be unlikely that a tenant could ensure that he would have control of the land for a 5-10 year period at the time of application. We contend a requirement that the applicant have control of the land for the entire contract period at the time of application will severely limit the ability of commercial-size tenant producers to participate in this program.

Watershed Prioritization

We would prefer that all producers who have met basic eligibility requirements could apply for the CSP program regardless of the watershed in which their operation is located. One of the disconcerting aspects of this rule for producers is they have no idea if they would be eligible because no one knows which watersheds might be selected. It seems that only a very limited group of producers in very limited geographical areas, who have already made the commitment to all areas of conservation on all of their farming operations, will see any benefit.

NRCS Interim Final Rule Comments
October 5, 2004

N440

The watershed approach in the proposed rule does not guarantee inclusion of producers in all regions of the country, it does not allow flexibility for input from State Conservationists as to which watersheds should be used to allow producer eligibility, and it does not allow flexibility in addressing diverse conservation needs and in recognizing significant conservation improvements. Producers in the Umatilla Watershed who were able to complete the necessary paperwork have made positive statements about the process and the efforts of the NRCS staff to assist through this process. The growers who were unable to participate because the sign up occurred during their harvest, are now harboring negative opinions about the program. This certainly was not the intent of the statute to exclude growers from participation because of the timing of the sign up. Conversely, producers who are just across the watershed boundary are extremely outraged at their inability to participate in a program which would reward them for their conservation efforts.

Categories:

Another confusing aspect of the rule is the ranking of enrollment categories. The categories further limit eligibility even within selected watersheds and adds another level of inability to determine if one's contract would be approved. The process in which these categories are ranked seems overly complex and unneeded. If funding categories and subcategories were to be used more flexibility should be given State Conservationist in the funding priorities. The understanding of the enrollment categories and sub-categories would need considerable explanation to applicants.

Additional Comments

The proposed regulation places a disproportionate amount of the rental payment on enhancement activities rather than base, cost-share or maintenance payments. One of the stated purposes of the CSP was to reward producers who were good conservation stewards based on practices already in place. The base payment should constitute the maximum percentage of the total payment allowable by law. It is desirable to encourage further conservation enhancement, and we believe participants should be given ample incentive to enhance their conservation efforts.

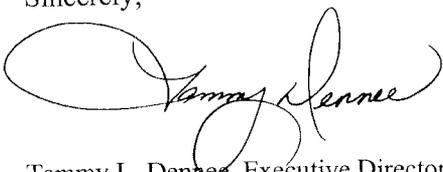
However, the proposed regulation provides that only 0.5 - 1.5% of the respective tier base payments can be paid for base payments. Rewarding participants for their prior accomplishments is especially significant in the early stages of the program and is part of the intent of the CSP. We contend this low percentage of base payment rental will discourage producers from participating in the CSP.

It has been the experience of producers who completed the necessary paperwork in the Umatilla Watershed, that the promised amount of the contract was not realized due to an arbitrary cap set by administrative rule. This cap should be eliminated in the final rule.

The OWGL believes CSP can be an effective program to reward conservation stewardship and promote enhanced conservation in production agriculture. We would urge that in order to get the best conservation dollar investment, the program should be geared to commercial-size operations, provide full payments as envisioned by the law and NRCS minimize administrative complexities by standardizing, to the extent possible, eligibility requirements in line with other USDA programs, and furthermore not serve as an weapon to pit grower against grower.

Thank you for this opportunity to comment. In can be of further assistance, please do not hesitate to contact me.

Sincerely,



Tammy L. Dennee, Executive Director
OREGON WHEAT GROWERS LEAGUE

Cc: Oregon Wheat Growers League Board of Directors