

CONSERVATION SECURITY PROGRAM (CSP) LISTENING SESSION

WEDNESDAY, FEBRUARY 11, 2004

1:03 P.M.

FOUR POINTS SHERATON

4800 MERLE HAY ROAD

DES MOINES, IOWA

PANELISTS: LEROY BROWN, State Conservationist, NRCS  
MARK REY, USDA Undersecretary for Natural  
Resources and the Environment  
PAUL JOHNSON, Former NRCS Chief  
GARY MARGHEIM, Special Assistant to the  
Chief, NRCS  
CHARLES WHITMORE, Regional Conservationist,  
NRCS  
DERRYL McLAREN, State Executive Director, PSA  
DENNIS PATE, Assistant State Conservationist  
for Technology, NRCS  
KATHY GUGULIS, NRCS Deputy Chief  
MARY MAUSBACH, NRCS Deputy Chief

DARCY K. METTLER - CERTIFIED SHORTHAND REPORTER

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## 1 P R O C E E D I N G S

2 MR. BROWN: Okay. We'll go ahead and get  
3 started. We're just a few minutes late, but hopefully  
4 we'll get back on schedule.

5 My name is LeRoy Brown. I'm the State  
6 Conservationist for NRCS/USDA here in Des Moines, Iowa. I  
7 would like to take this opportunity to welcome each of you  
8 to this listening session on the Conservation Security  
9 Program. The purpose of this session is to hear your  
10 comments on the recently published proposed rules for the  
11 new program.

12 I do want to express that CSP is a volunteer  
13 conservation program that supports ongoing conservation  
14 stewardship of agricultural working lands and enhance the  
15 conditions of America's natural resources. This program  
16 is designed to reward the best conservation stewardship of  
17 the most environmentally sensitive areas and target  
18 watersheds.

19 I would like to take the opportunity to just  
20 introduce the head table to you to let you know who you're  
21 looking at. On the far right, my right, is Gary Margheim.  
22 Gary is an NRCS employee, special assistant to the chief  
23 of the NRCS.

24 Next we have a fellow Iowan, Paul Johnson, past  
25 chief of the Natural Resource Conservation Service and

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1 also the director -- past director of the division of DNR.

2 Next we have Mark Rey, and Mark Rey is the  
3 undersecretary for natural resources.

4 Next to Mark is Charles Whitmore, and Charles  
5 Whitmore is the regional conservationist for NRCS located  
6 in Madison, Wisconsin.

7 Then we have Derryl McLaren, and Derryl is the  
8 state director of the Farm Service Agency here in Iowa.

9 Next to Derryl is Dennis Pate, and he's  
10 assistant state conservationist for NRCS here in Iowa.

11 Then we have Kathy Gugulis with us today, and  
12 Kathy Gugulis is one of our deputy chiefs from our  
13 national office with NRCS.

14 Then we have Mary Mausbach, another deputy chief  
15 with NRCS and out of the national office in Washington,  
16 D.C. I want to welcome all of those individuals.

17 About today's session -- and I'll visit with you  
18 a little bit more about this later -- this is a session  
19 for you all. It's an opportunity for you to make comments  
20 to us and tell us what you think about the proposed rules.

21 With that said, the first person on the agenda  
22 today I've introduced is Mark Rey, the undersecretary for  
23 natural resources, and that does encompass both the forest  
24 service and the natural resource conservation service.

25 Mark, would you come on up, please.

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1           MR. REY: Thank you very much for that  
2 introduction. Welcome to all of you, and thank you for  
3 the thoughts and comments and wisdom that you're going to  
4 provide us.

5           This is a very important program; both important  
6 to the Secretary, the President, and the Congress. If we  
7 are able to launch this program successfully, it has the  
8 real potential, I think, to reorder how we deliver  
9 conservation services to working farm and ranch  
10 landowners. So it is, I think, a look towards the future.

11           When I attend forest service and natural  
12 resources conservation service public meetings or  
13 listening sessions, I prefer to listen, rather than speak,  
14 so that's going to be the entirety of my remarks.

15           I will be interested to hear what you have to  
16 say. I will tell you that I find natural resources  
17 conservation service listening sessions somewhat more  
18 sedate than forest service listening sessions. No one  
19 here today is dressed as a tree or a salmon or some other  
20 form of animal or plant life, and that's the good thing.  
21 That means the commentary will be more enlightened.

22           Thank you very much.

23           MR. BROWN: Thank you, Mark.

24           The next person that will speak to us that I  
25 mentioned earlier is Paul Johnson, the former chief of the

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1 NRCS. Paul.

2 MR. JOHNSON: Thank you, LeRoy. It's an honor  
3 to be here with you today. I see many familiar faces.

4 Mark, I want you to know that just because I'm  
5 not dressed up as a tractor or something like that doesn't  
6 mean we don't have really strong feelings about what we're  
7 going to talk about today.

8 (Applause.)

9 MR. JOHNSON: I apologize for not wearing a suit  
10 like the rest of these guys. I left before dark this  
11 morning, and I couldn't find it.

12 Well, I'm looking forward to this time. I've  
13 had the opportunity over the years to hold many listening  
14 sessions around the country on conservation programs and  
15 private lands issues, and every single one of them was  
16 really important. And I can honestly say that today's  
17 policy in agriculture and the conservation side of it is  
18 what it is because of the good comments that have been  
19 made by many of you and by other people across the  
20 country, and I think the same holds true with the new  
21 program we're talking about today.

22 This is a very important milestone, I believe,  
23 in private lands conservation. For years many of you in  
24 the audience and people that are going to speak today have  
25 thought very much about private lands conservation and the

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1 opportunity to reward good stewards of private lands  
2 across the country, and here we initiate the program that  
3 finally will move us in that direction.

4 I would urge you to speak your mind, but at the  
5 same time, remember that the program is in its infancy,  
6 and you have an opportunity to really shape it into  
7 something really great in the future. So although most of  
8 us probably don't feel it's perfect yet, we're on our way.  
9 So I look forward to hearing your comments.

10 MR. BROWN: Thank you, Paul. Our next  
11 presenter, the person making comments, is Gary Margheim,  
12 special assistant to the chief of NRCS.

13 MR. MARGHEIM: Thank you, LeRoy. Good afternoon  
14 everyone. It's always a pleasure to get out of federal  
15 heaven and spend a little time out in the countryside.

16 I'd say that we're all participating in a very  
17 historic occasion in terms of land. Our chief probably  
18 said it best with the 2002 Farm Bill; that we're entering  
19 the golden age of conservation on private lands.

20 At USDA part of that is a major milestone on  
21 January 2nd, and that was with the publication of the  
22 proposed new rule. I think it's important in this forum  
23 to note that as we developed that proposed rule, we had  
24 six listening sessions, five producer workshops, and we've  
25 noticed advanced rule-making in which we've looked at over

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1 3,000 comments we received. All that help has helped with  
2 the rule.

3 CSP does bring us into a new era; a new era that  
4 completes our portfolio of conservation programs. I like  
5 to look at it as a market-based approach to conservation.  
6 It recognizes farmers and ranchers produce more than food  
7 and fiber. They produce an environmental commodity in our  
8 society. In that way, we recognize the stewardship as  
9 well as encourage people to do more.

10 Today's listening session is one of ten that's  
11 being sponsored nationally. In fact, I termed today Super  
12 Wednesday in terms of public comments on CSP. We have  
13 four sessions; one in Maine, Mississippi, Florida, and  
14 here in Iowa, and additionally, I guess a lot of states  
15 are holding sessions.

16 In closing, this is the way I would summarize  
17 it. If you're not excited or disturbed, you're  
18 complacent. If you're complacent, nothing happens.

19 So far I haven't heard many people be complacent  
20 about the CSP proposal. They're either very excited, and  
21 some folks are disturbed about it, but that's important to  
22 us. We really want your comments, and we want to hear  
23 what you have to say about it. Whether you're excited or  
24 disturbed, we need to know that.

25 Thanks for your interest in conservation. I'm

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1 certain I'm sure that I speak for all members on the panel  
2 today that we look forward to your input. It is critical  
3 to us for this important rule. Thank you.

4 MR. BROWN: Thank you, Gary.

5 I believe that when you registered earlier today  
6 you were asked the question whether there was any special  
7 needs or whatever. We do have signers here or  
8 interpreters here, so if anyone needs to move forward or  
9 anything, please feel free. There's a few chairs up  
10 front, and we can make arrangements.

11 So with that, the next item on the agenda is  
12 kind of a rule overview, and one of the purposes of that  
13 was to make sure that we kind of all may be brought up to  
14 the same speed at the same time and see some of the  
15 overview of the program.

16 So with that, Dennis Pate will make a  
17 presentation for us.

18 MR. PATE: Thank you, LeRoy.

19 While the screen goes down, I want to take a  
20 minute to thank LeRoy for allowing me all the time he has  
21 over the last three or four years to be working on CSP.  
22 I've been into D.C. for a week or two or three at a time  
23 fairly often, and he's always in his generosity made it  
24 very clear that I could spend as much time on CSP as I  
25 wanted to, as long as I did everything else I was supposed

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1 to do. So I appreciate his generosity in allowing me to  
2 do that.

3 The other thing I would say is if you're sitting  
4 in LeRoy's shoes in the Federal Building right there and  
5 I'm in the office right next door to you and you've got  
6 the opportunity to be rude to somebody like me for a week  
7 or two or a month, it's not a real tough decision.

8 With that, we will move into what Charles  
9 Whitmore assured me can be no longer than 15 or 20  
10 minutes, so we'll have at it here.

11 What we're here today for is to talk about CSP,  
12 which we in USDA and NRCS believe is the new dawn or the  
13 sun rising on a new day in conservation. The Conservation  
14 Security Program is unique because no other program  
15 recognizes and rewards folks who have done work, good  
16 conservation work.

17 If you think about it, all of our other programs  
18 help fix resource problems, whether they retire land or  
19 they put land into easements, but the CSP is set up to  
20 reward folks for doing a good job and encourage more  
21 people to do more good jobs.

22 CSP identifies and rewards farmers currently  
23 meeting the highest standards of environmental management,  
24 and it provides incentives for others to attain that same  
25 higher standard. And I think maybe one or two of the

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1 other openers mentioned this, but the real kind of motto  
2 for CSP is to reward the best and motivate the rest.

3 CSP will establish a baseline of resource  
4 conditions for a number of resource concerns. Among them  
5 are soil organic matter (carbon), nutrients, herbicides,  
6 pesticides soil loss and other such concerns.

7 CSP will also enhance treatment on America's  
8 working land and farms and ranches and provide public  
9 benefits for generations to come. The rule, as most of  
10 you, I think, would know, is drafted to be flexible for  
11 each sign-up to cover the potential particularly for  
12 budgetary restrictions that may or may not be present and  
13 also, I might add, to deal with the 15 percent cap that's  
14 in the current law that limits the amount that can be used  
15 for technical assistance.

16 The rule is written because, in fact, for 2004  
17 there is a cap entitlement. There's \$41 million available  
18 for the '04 fiscal year, and that would probably be  
19 somewhere between 300 to 3,000 contracts in the whole  
20 nation, which is certainly less than one per county.

21 The way the rule is crafted, to be eligible  
22 there are some basic requirements, and most of this is  
23 right from the law here. You have to be privately owned  
24 or tribal land. The part that is not law and is in the  
25 rule is the majority be in a priority watershed.

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1           You have to be in compliance with the HEL or  
2 wetland provisions, or you are not eligible for CSP. You  
3 have to have an active interest in the operation, and the  
4 applicant must share in the risk and be entitled to a  
5 share of the crops or livestock. That makes it almost  
6 impossible, by those terms, for a cash rent landlord to  
7 apply for CSP; however, that cash rent landlord would be  
8 eligible for payment when the operator would apply.

9           The other thing is control of the land for  
10 length of the contract. There's an awful lot of one-year  
11 leases in Iowa and other parts of the country, so that is  
12 a restriction that is in the current rule.

13           And it must meet specific tier requirements, and  
14 I'll kind of delve into some of those here in the next  
15 couple of slides.

16           The law has a 15 percent cap on use of funds for  
17 technical assistance, so it's crafted to have producers do  
18 a fair amount of self-screening up front to determine  
19 whether or not they're eligible for the program. Some of  
20 that self-screening is they undergo a self-assessment to  
21 determine exactly what the condition of the resources are  
22 on their place and whether they meet the qualifications to  
23 be in the CSP program.

24           The law specifically states that the Secretary  
25 cannot use competitive bidding or similar procedures,

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1 which the main thing is like EBI and CRP or following the  
2 ranking of business. That cannot be used, because the law  
3 says the Secretary cannot do that.

4 So the rule has been crafted to set up kind of  
5 six screening items here to try and set how many people  
6 would be eligible depending on how much funds there is  
7 available for each of the different sign-ups.

8 CSP is very size and crop neutral. It expands  
9 into land uses that many of our other USDA programs do  
10 not. Cropland, orchards, vineyards, pasture, and range  
11 are all eligible uses.

12 If you have a current CRP contract, wetland  
13 reserve or grassland reserve, you are not eligible for CSP  
14 on that particular piece of the ground. If you have it  
15 for cropland, you're not eligible for the cropland  
16 payments.

17 Forestland is not one of the land uses that's  
18 eligible for the law, other than if it's incidental to the  
19 ag operation. So in the rule you will see that the  
20 forestland -- it states what the law says; that it's  
21 eligible only if it's incidental to the ag operation, but  
22 the rule asks for your thoughts and comments on: What does  
23 that mean when it's incidental forestland? And once you  
24 determine what it means, then what treatment requirements  
25 should there be to be in the CSP for those particular

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1 pieces of ground.

2           The second screening tool is the producer  
3 eligibility, and that has a lot to do with the definition  
4 of "agricultural producer." The first part of it says  
5 that you have to share in the risk of producing crop or  
6 livestock and are entitled to a share in the crop or  
7 livestock. That's the definition that USDA for "ag  
8 producer."

9           "Ag operation" is a very important definition in  
10 the rule, because it does two things. One, it determines  
11 whether you're eligible for Tier 1 or 2 and 3, and it also  
12 says how many contracts you can have, because the limits  
13 are per ag operation. So the definition is very  
14 important.

15           The definition in the rule is not based on farm  
16 number or track number, but it says that an ag operation  
17 means all ag land and other lands, whether contiguous or  
18 not, under the control of the participant and constituting  
19 a cohesive management unit. That basically means that  
20 you've got to have day-to-day general supervision and  
21 direction of what happens on the place; the labor, the  
22 activities, the services, and the decisions related to  
23 that agricultural operation.

24           The third screening tool in the rule is the  
25 issue of priority watersheds. The rule proposes that CSP

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1 would be offered in watersheds with the greatest potential  
2 to improve water quality, soil quality, and grazing land  
3 conditions.

4 The priority watersheds would be those  
5 watersheds with the most pressing environmental need.  
6 They would be based on eight-digit hydrologic unit code  
7 numbers, and there would be definite factors laid out as  
8 to how those watersheds would be selected.

9 Among them might be the vulnerability of surface  
10 and groundwater quality, potential for excess soil  
11 degradation, and the condition of grazing land in the  
12 watershed.

13 In the rules it specifically asks for comments  
14 on this proposal. A national map of the eight-digit --  
15 there's only 119 -- watersheds looks something like this,  
16 which is sort of a mess (indicating). It's a little less  
17 messy if you just take one state, Iowa, for instance,  
18 where there would be 56 eight-digit watershed hydrologic  
19 units.

20 The fourth screening tool is the treatment  
21 requirements, and the law states that measures are  
22 required to adequately protect and prevent degradation of  
23 one or more natural resources as determined by the  
24 Secretary. The proposed rule is going to determine that  
25 there will be two resource concerns that need to be

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1 treated to be eligible, and those are soil quality and  
2 water quality.

3           Some examples of treatment that might involve  
4 soil quality would be the amount of organic matter;  
5 compaction issues; subsidence or organic soils;  
6 contaminants from things like salt, chemicals, animal  
7 waste, soil deposition.

8           And what the rule says is if you have those or  
9 if there's a potential on your place, you have to treat  
10 them to what's termed the quality criteria in the NRCS  
11 Field Office Technical Guide, which basically means you  
12 have to have some combination of practices to take care of  
13 those resource concerns and apply it on your place.

14           Some typical water quality resource concerns  
15 could be the amount of pesticide levels, nutrient levels,  
16 pathogens, turbidity, and, again, treat them, if you have  
17 them or you have the potential to have them. You have to  
18 treat them through the quality criteria in the NRCS  
19 Technical Guide.

20           Fifth screening tool is the enrollment  
21 categories, and this is kind of a new concept for us in  
22 the USDA. It basically means that those with the highest  
23 commitment to conservation would get the first shot at  
24 contracts, if there's a limitation on the number there  
25 could be. The categories would be prioritized based on

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1 the historical environmental performance as well as the  
2 willingness to do more conservation work.

3 Categories would be funded in priority order,  
4 and you would be placed in the highest category that you  
5 qualify for. Contract selection, again, would have to do  
6 with things like the conditioning index and other items  
7 that we would look at to determine what category you could  
8 be in.

9 And then the last part is the conservation plan,  
10 and that would be things that you're all used to in a  
11 conservation plan. It will say whatever it is and how  
12 you're going to apply it.

13 The thing that would be different in a  
14 Conservation Security Plan plan is that you would also say  
15 what you're going to maintain, because if you remember,  
16 for CSP things have to be on the ground, and they have to  
17 be maintained.

18 Both the law and the rule have three tiers  
19 available for the CSP program. The law states that the  
20 minimum requirements for each tier shall be determined and  
21 approved by the Secretary. So in the rule the Secretary,  
22 as I mentioned earlier, has determined there would be two  
23 resources of concern treated to the quality criteria to be  
24 eligible.

25 For Tier 1 you have to address water and soil

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1 quality on part of the ag operation that you want into the  
2 CSP contract. For Tier 2 you have to address those same  
3 two resource concerns on the entire agricultural  
4 operation, and you have to address another one by the end  
5 of the contract. For Tier 3 you have to address every  
6 resource concern on the ag operation to the quality  
7 criteria, and you have to agree to do additional  
8 activities to do even a better job than the way you're  
9 treating those particular resources, again, by the end of  
10 the contract.

11 There are four parts to the payment proposed in  
12 CSP. The first one is an annual-based payment, which  
13 basically is based on the land rental rate for 2001 in  
14 your county. What it does is it takes that local rental  
15 rate. You multiply that by either 5 percent, 10 percent,  
16 or 15 percent, depending on whether it's Tier 1, 2, or 3.  
17 That requirement is in the law.

18 In the rule then you take that number, and you  
19 multiply it by one-tenth -- and that's in the rule -- as a  
20 reduction factor for this particular payment. So it's the  
21 rental payment times either 5 percent, 10 percent, or  
22 15 percent, depending on the tier, times one-tenth.

23 The second and third payments have to do with  
24 conservation practices, and one is for existing practices;  
25 one is to help you install new practices, if you need them

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1 to get to a higher tier level after you qualify for one of  
2 these tiers.

3 In either case, either the existing or new, the  
4 payment rate is to be the 2001 county rate times some  
5 cost-share percent, which would be no higher than 75  
6 percent.

7 The law says that practices included are any  
8 practices the Secretary determines to be appropriate to  
9 meet the quality that we want from the results of the  
10 rule. Then the rule states that the Chief will provide  
11 the state conservationist a list, and based on the  
12 recommendations of the state technical committee, then the  
13 state conservationist would have a list in each state of  
14 the practices eligible for the new and interesting  
15 payment.

16 The interesting part probably of the  
17 Conservation Security Program or the most emphasis will be  
18 placed on the enhancement component. In the enhancement  
19 component, by law, there are five categories. These are  
20 from the law. These are not the rule. How they're  
21 implemented would be the rule, but the five categories are  
22 in the law.

23 The first one is improving the significant  
24 concern beyond the required treatment to meet that quality  
25 criteria. An example of that would be you're doing

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1 nutrient management to the minimum level. There may be  
2 enhancement payments for things like not doing fall  
3 nitrogen application whatsoever; doing plant tissue tests  
4 to determine the amount you need for a particular year;  
5 site-specific application with the GPS technology; or  
6 perhaps a payment for putting on rates less than the state  
7 level would recommend, because you have local data that  
8 shows you can get what you want by putting on less  
9 fertilizer. So all those kinds of things plus many, many  
10 more are the types of things we're looking at in the  
11 enhancement payments.

12           Again, when that's all said and done, if it goes  
13 how it is in the rule, the state technical committee will  
14 recommend things to the state conservationist to help  
15 determine what those enhancements will be.

16           The other categories are improving a resource  
17 concern as a local importance.

18           Third category is on-farm demonstrations.

19           The fourth one is working with your neighbors in  
20 a cooperative watershed effort.

21           And the last one is helping us gather  
22 information through assessment and evaluation activities.

23           Just a quick example might be if you're  
24 installing riparian buffers. If you improve a local  
25 resource concern that a local workgroup had identified

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1 that might have been a condition of water quality and  
2 wildlife and while you do it, in this example, it says,  
3 "Provide shade and surface water temperatures critical for  
4 salmon." You might say that same thing in parts of Iowa  
5 for the Topeka shiners. Same kind of principle. That  
6 could be an enhancement thing. Leaving food plots would  
7 be an enhancement payment.

8 Other examples in the other categories might be  
9 doing field trials of cover crops or mulches and doing  
10 watershed projects with your neighbors.

11 The last one deals with the assessment and  
12 evaluation. We may ask you to collect water samples to do  
13 water quality testing at the edge of the field. All of  
14 those things help us gather data to better determine what  
15 the effects of the practices are on the grounds you have  
16 installed. It helps us do a better job of evaluating the  
17 effects of the applied conservation practices.

18 Kind of in a nutshell here, there are three  
19 tiers, and the way the rule is crafted, there are definite  
20 limits on the bottom part of the base payment, definite  
21 limits on the new or existing practice payment, and the  
22 bulk of the payment would be set up to be in the  
23 enhancement categories.

24 As a reminder, Tier 1 can be a five-year  
25 contract with a 20,000-per-year cap; Tiers 2 and 3 can be

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1 five- to ten-year contracts under the discretion of the  
2 applicant. Tier 2 has a cap of 35,000 per year, and  
3 Tier 3 is 45,000.

4 The rule states that to apply before each  
5 sign-up, the Secretary would announce things for a  
6 definite sign-up period. So there will be definite sign-  
7 ups. It would not be continuous.

8 That announcement would contain things like  
9 which watersheds are eligible for this sign-up; what are  
10 the priority order for the categories that are proposed in  
11 that sign-up; available funds for that sign-up and the  
12 amounts for base payments and enhancement payment  
13 categories.

14 It would state what practices are eligible, if  
15 there are any additional resources nationally other than  
16 soil quality and water quality, and for the eligible  
17 practices it would state the precautionaries that would be  
18 available for that particular sign-up.

19 Once that stuff is out there, you can read it,  
20 and if you determine you want to try and take part, you go  
21 through that self-screening tool. You complete the  
22 benchmark inventory, and at that point we would then -- if  
23 you apply with the agency, we would determine eligibility,  
24 conduct a follow-up interview, place you in the correct  
25 tier based on what it says in the tier end of the category

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1 based on the sign-up announcement. The applicants would  
2 be selected, and then at that point you would have to  
3 complete the conservation plan for the contract.

4 We're about in the middle of the sign-up period.  
5 There's a 60-day comment period that started January 2nd.  
6 It ends March 2nd.

7 I encourage all of you, whether you're speaking  
8 today or not or giving us your dues, to send in comments  
9 and look it over. The address you don't need to get off  
10 there. It's in the materials that you have, and I think,  
11 LeRoy, with that, I'm going to quit and let us get about  
12 the business of listening to the folks.

13 MR. SEFRLING: I have a question about the soil  
14 quality and resource concern. Do we have to be --

15 MR. PATE: For the reporter state your full name  
16 and who you're with, because she needs to know that.

17 MR. SEFRLING: My name is Dave Sefrling, and I'm  
18 a farmer from Preston, Minnesota.

19 I was just wondering: Do we have to maintain to  
20 satisfy the soil quality resource concern?

21 MR. PATE: Soil quality does not specifically  
22 refer to a T level, but in order to meet the requirements  
23 of the soil conditioning index and some other things that  
24 measure the soil quality, it is likely you'd have a hard  
25 time to meet it without reaching T level or below.

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1 MR. BROWN: Okay. Thank you, Dennis.

2 Just for your information, we do have a court  
3 reporter here today, so we will have an official record of  
4 this session.

5 I did allow a question to be asked. Throughout  
6 the remaining part of the session, it's really going to be  
7 us hearing from you. So it's going to be you having an  
8 opportunity to make your comments to the group.

9 I want to maybe kind of set kind of the stage  
10 for the next portion of the session. Originally we had  
11 anticipated a lot of speakers to make comments for five  
12 minutes or less. We have had a tremendous amount of  
13 people who have asked to be a part of this and to make  
14 comments, so with that, and the limitation that we have on  
15 time, we are saying three minutes or less for you to make  
16 your comments.

17 We do have an official clock that we will be  
18 using that will keep time so as you come up to the  
19 speakers, you can look at that official clock and know the  
20 time you have remaining.

21 I guess I'm asking all of you to really honor  
22 that, because we are very limited on the amount of  
23 speakers that we have that are signed up. I know we had  
24 close to about 40 that had signed up ahead of time, and we  
25 also allowed for individuals that registered today to have

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1 an opportunity to make comments. So let's keep that in  
2 mind as we proceed on.

3 We do have two microphones. What I will do is  
4 call two names of individuals. The first person will go  
5 to the microphone. I would like both of them to go to the  
6 microphone, but the first name that I call will be the  
7 first person to make comments, and then the second one  
8 will make their comments. Then I will call two more  
9 names, and I would like us to proceed on with that as we  
10 go.

11 When you come to the mike, make sure you give  
12 your name and whatever group or organization that you're  
13 representing. That will be just for our information  
14 purposes.

15 I guess remember, too, the main purpose -- I  
16 mentioned very early that the purpose of this is for us to  
17 hear what you have to say. It's not the purpose of us  
18 having a two-way back-and-forth; you asking questions and  
19 we responding to those questions. So make your comments,  
20 and we'll take full advantage of using all the allowable  
21 time to hear what you have to say.

22 With that, I will get right into this part of  
23 the agenda. The first person that will speak will be Brad  
24 Redlin. That person will come up. The next person will  
25 be Dr. Robert Gronski.

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1           If you will come up, we will start with Brad.

2       Brad, go ahead.

3           Be reminded of the clock as we proceed.

4           MR. REDLIN: Thank you for having this listening  
5       session. My name is Brad Redlin. I'm now regional  
6       director for the Center for Rural Affairs in Lyons,  
7       Nebraska.

8           I've done some quick shortening of my remarks  
9       here, so I'll jump through those to try to meet the time  
10      constraint here. The first comment I want to make is one  
11      primary issue, and then I'll follow up with three  
12      problem-and-solution identifications in conclusion to  
13      that.

14          The first primary issue I want to point out is  
15      to have -- make a formal request for a revised proposed  
16      rule be provided to us. With this particular issue, in a  
17      very real sense, it creates the point of this entire  
18      session to be somewhat moot. Without the proposed rule  
19      reflecting the new change in funding supplied to NRCS and  
20      the CSP program by Congress in the Omnibus Bill of  
21      January 22nd, the proposal before us in discussion here  
22      should be radically altered to reflect that.

23          Just in support of that, I would like to read  
24      from the existing proposed rule where it says, "Pending  
25      the enactment of this legislation, the Omnibus Spending

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1 Bill, NRCS intends to publish a supplemental to this  
2 proposed rule to address the potential changes in law."  
3 So we certainly advocate that you follow through with that  
4 statement, position in this proposed rule and come out  
5 with that supplemental proposal.

6 When you do so, we have some recommendations for  
7 changes to be made and included in that revision. First  
8 of all, I would like to see that the CSP becomes a  
9 nationwide program. Currently, the proposal limits the  
10 CSP to priority watersheds and to specific criteria,  
11 unknown criteria at this point within those watersheds.  
12 Congress enacted a law that makes the program available  
13 nationwide to all producers, and we hope that the revised  
14 rule will certainly reflect that.

15 Secondly, we hope that the revision will include  
16 farmers ready, willing, and able to farm within the CSP  
17 program. Currently, the highest NRCS conservations  
18 standards for soil and water quality would have to be  
19 achieved prior to becoming eligible for CSP. This is in  
20 stark contrast to the law which says relevant conservation  
21 standards must be met as a result of the participation in  
22 CSP. The rule should be modified to retain high  
23 environmental standards but to allow farmers and ranchers  
24 to achieve those high standards while in the program.

25 Thirdly, restore meaningful stewardship

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1 incentives, and that is to remove the 90 percent reduction  
2 in base payments; to raise the cost-share assistance on  
3 par with other conservation programs, standard  
4 conservation programs in the USDA; and to -- for  
5 enhancement payments, to increase those.

6 I see my time is up. I thank you for the time.

7 MR. BROWN: I may have failed to mention that if  
8 any of you have written comments with you, you can turn  
9 those into the registration desk, and they will make sure  
10 those get to the right people. It's also written down in  
11 your packet of where to get those -- if you don't have  
12 them with you today and want to send those in. If you  
13 have additional questions, you can just give it to them at  
14 the desk, and they will provide you the information to get  
15 your comments in so we have them.

16 DR. GRONSKI: Thank you. Good afternoon. My  
17 name is Robert Gronski. I'm a staff member with the  
18 National Catholic Rural Life Conference, which is a  
19 faith-based membership organization headquartered here in  
20 Des Moines for the past 60 years. Our members come from  
21 farms and rural communities throughout the country.

22 Over the past 20 months, there have been  
23 extensive delays in developing a rule to get the program  
24 started. During this period our members have urged the  
25 Administration to expedite the development of a rule in

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1 order to implement this important program and start  
2 providing incentives for the many conservation benefits  
3 from private working lands.

4 In the 2002 Farm Bill, CSP is an entitlement  
5 with no spending limits; therefore, it will be critical  
6 for the NRCS to develop and seek comment on the supplement  
7 to the rule, based on CSP as an uncapped entitlement  
8 program. We urge NRCS to structure a program in full  
9 accord with the letter and spirit of the language  
10 authorized in the 2002 legislation.

11 There's a few more general comments on key  
12 proportions of these rules. I'd like to make these  
13 comments.

14 On watershed limitation rather than operating  
15 CSP as a full, national program, USDA appears to be  
16 proposing to identify and offer CSP only in high-priority  
17 watersheds. According to the statute, no reference is  
18 made to giving preference to these priority watersheds  
19 except in some specific cases on enhanced payments. This  
20 underscores the need, again, for a revised rule to remove  
21 that watershed limitation.

22 To skip to the payment structure, in the  
23 original legislation CSP would provide participants with  
24 base payments and with the cost-share of up to 75 percent  
25 for the establishment of new practices. The payment

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1 proposals in the rule do not come close to seriously  
2 providing these incentives for stewardship or exceptional  
3 environmental performance, as envisioned by the  
4 congressional legislation.

5 Under the proposed rules, base payments are set  
6 at this .5 to 1.5 percent of local rental rates. Is it  
7 the intent of the rule to discourage participation? Our  
8 members hope this is not the case.

9 As a final comment, we understand funding  
10 limits, and the state of any new program requires a  
11 realistic and practical approach to implement it; however,  
12 this should not permit the temptation to write rules that  
13 discourage participation or change the spirit of the law  
14 as passed by Congress.

15 The final rules for the Conservation Security  
16 Program should fully reflect a formula that allows us to  
17 accomplish our stewardship goals. This includes learning  
18 from and rewarding those farmers and ranchers that are  
19 dutifully caring for our nation's soil, air, water, and  
20 wildlife resources. Thank you very much.

21 MR. BROWN: Deb Ryan and Amy Miller.

22 MS. RYAN: My name is Deb Ryan. I'm the  
23 executive director for Conservation Districts of Iowa.  
24 CDI is grateful for the opportunity to speak at this  
25 public hearing. I have other niceties, but they're gone

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1 now.

2 We strongly urge NRCS to make major changes in  
3 the rule to reflect the intent of the CSP legislation.  
4 CDI supported the concept of CSP for many reasons.  
5 Farmers and conservation community developed it. It  
6 allowed for one-stop approach for conservation. All  
7 producers were to have been eligible, and payments were  
8 expected to reward good stewardship practices on an  
9 ongoing basis.

10 CSP was to foster innovation and is WTO  
11 compatible and should complement existing programs. The  
12 rules, as they are currently written, do not follow the  
13 intent of the legislation.

14 The strongest and overriding objection we have  
15 with the rules are they reflect a capped program taking  
16 only into account this year's current limited funding.  
17 Budget restraints can and should be handled  
18 administratively.

19 CSP is supposed to be an entitlement program.  
20 The '04 Omnibus, as approved by Congress, removed the cap  
21 limitation restoring the original statutory intent. It is  
22 critical for NRCS to develop, release, and seek comment on  
23 a supplement to the rule, based on CSP as an uncapped  
24 entitlement program available to all producers as defined  
25 in the law.

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1 CSP is intended to be a full national program.  
2 USDA CSP rules state NRCS -- alphabet soup -- will  
3 identify and offer CSP only in high-priority watersheds  
4 chosen not even at the state level but at the national  
5 level. This flies in the face of the local elect  
6 conservation theory, which is touted in almost all the  
7 conservation programs in the 2002 Farm Bill.

8 According to the statute, eligible lands include  
9 private agricultural land including cropland, grassland,  
10 and so on. The watershed limitation should be removed.

11 Far too much emphasis is made on enhancement  
12 activities as the rules are currently written. Those  
13 farmers who install additional practices will be eligible,  
14 but those who have incurred costs to provide society with  
15 environmental benefits prior to sign-up will likely not be  
16 eligible.

17 The law requires that the 2001 national rental  
18 rate or an appropriate rate where national rate does not  
19 accurately reflect local conditions be used to establish  
20 CSP base payment. The proposed rule uses state and local  
21 rental rates but reduces the base payment down to  
22 10 percent to the already reduced rate in the law.

23 NRCS proposes to offer a substantially reduced  
24 list of eligible practices. The law only provides two  
25 limits; animal waste transport and storage.

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1 CSP rules should and can reflect the intent of  
2 the legislation. We urge USDA and NRCS to issue a new  
3 rule. Thank you.

4 MS. MILLER: Thank you. My name is Amy Miller,  
5 and I'm an organic farmer from northeast Iowa. My husband  
6 and I farm 420 acres, and 400 of that is tillable in  
7 Howard County. All of our farmland is certified organic.  
8 We own 80 acres of our land, and we rent, through various  
9 types of rental agreements, the other 340 acres.

10 Conservation practices included on our farm are  
11 windbreaks, savannah prairie restoration, wetland  
12 restoration, terraces, contour planting, long-term crop  
13 rotations, cover crops, grass waterways and field buffers,  
14 rotational grazing, farm ponds, organic farming,  
15 conservation tillage, nutrient management, composting, on-  
16 farm research.

17 We only plant 3 percent of our land to row crops  
18 every year. The balance, although it's tillable land, is  
19 all pastured. The land that we do crop is in seven- to  
20 eight-year crop rotations, and we farm 28 fields. Six are  
21 permanent pastures, the rest of which are a very  
22 complicated crop rotation crop system.

23 In addition to our cropland, we also raise  
24 organic pork. We have a cow/calf operation, and we also  
25 raise vegetables, fruits, trees.

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1           My biggest concern about the Conservation  
2 Security Program is the watershed restriction. We have  
3 incredible groundwater quality. The area we live in is  
4 famous for our trout streams. There have been a lot of  
5 conservation efforts going on.

6           Because we have such a high-quality watershed,  
7 although we do so much for conservation, I feel certain  
8 that our farm will be excluded from the Conservation  
9 Security Program. We currently get no money at all from  
10 federal, state, or local agencies for any of our  
11 conservation practices that are ongoing at our farm at  
12 this time.

13           If that was the only thing you did to change  
14 this rule, I would really strongly encourage you to  
15 eliminate the restriction on watersheds.

16           Secondly, I just encourage you to follow the  
17 spirit of the law. I think there's some things in the  
18 rule that don't follow the recommendations in the law. I  
19 would like to see those changed.

20           You know, I understand there may be some budget  
21 constraints. I guess my preference would be that farmers  
22 who are doing conservation like us be rewarded the money  
23 first. I think that's only fair.

24           I also think the base payments need to be set at  
25 a meaningful level. Some of these payments come out to

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1 maybe \$1,000 for base payment for a farm like ours. I  
2 think this program is really important for really small  
3 farms; farms that farm maybe 3 acres, 40 acres. You're  
4 eliminating any opportunity for those people to even  
5 bother to apply by setting the base payment so low.

6 I don't think there should be any kind of a  
7 reduction factor at all. I think that should be  
8 eliminated.

9 I am also concerned about cash rent. We cash  
10 rent most of our land. This is going to be a problem.  
11 We're, fortunately, in a situation where we rent from  
12 nonprofits and also family members so that we can secure  
13 long-term leases, but that is going to eliminate almost  
14 anybody in our area where we have very competitive rent  
15 situations. Land gets turned over every year.

16 Finally, I guess I'm very concerned about the  
17 rates based on the land we use for grazing. We graze  
18 tillable land. We've got all that planted in perennial  
19 crops, 300-and-some acres in perennial crops, that could  
20 be farmed. I don't think it's fair that we would be  
21 reimbursed on grazing land for that. I think that that  
22 land should be reimbursed based on some kind of a cropping  
23 eligibility.

24 I guess I had some things I would like to say  
25 that were good about the law too, but I'm sorry. I've run

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1 out of time. I'll have to submit those comments. I think  
2 there are a lot of really good things you guys did. I  
3 appreciate that. Thank you.

4 MR. BROWN: Thank you. Susan Heathcote and  
5 Brent Holling.

6 MS. HEATHCOTE: Thank you for allowing me to  
7 provide those comments today. My name is Susan Heathcote,  
8 and I am with the Iowa Environmental Council, which is a  
9 coalition of 80 nonprofit organizations in the state of  
10 Iowa that work on conservation and environmental issues.

11 First, I would like to reiterate some of the  
12 comments that you've already heard from the few speakers  
13 that have been before me. The proposed rule fails to  
14 provide a nationwide program available to all farmers and  
15 ranchers in all regions of the U.S. who are practicing  
16 effective conservation.

17 I understand part of that limitation is probably  
18 reflected with the capped program, which because of the  
19 change now in the Omnibus Appropriations Bill, is no  
20 longer capped. I would really encourage USDA to  
21 expeditiously issue a supplemental rule to reflect an  
22 uncapped entitlement program, as the law was written.

23 When you make those -- When you do the  
24 supplemental, I would hope that some of the modifications  
25 to the rule that -- I'd really like to give you a few of

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1 my suggestions.

2           First, restrictions to eliminate enrollment to  
3 watershed. Again, I think the intent of this was to make  
4 this program available to all farmers in all regions of  
5 the country, and restricting it to priority watersheds  
6 does not follow the intent of the law as written, and we'd  
7 like to see that removed. Again, obviously, there are  
8 places with the enhanced payments where watershed -- part  
9 of the watersheds could be in the enhanced payment program  
10 and have some encouragement for additional enrollment and  
11 additional incentives.

12           Also, the CSP rule must allow farmers to achieve  
13 some water quality criteria as a result of enrollment; not  
14 as a requirement to enter the program. I understand that,  
15 perhaps, also that those who are already practicing  
16 conservation practices should probably be considered first  
17 for participation in a limited program, but as a general  
18 rule, I think it's real important that we provide  
19 incentives for farmers who are transitioning toward a more  
20 sustainable system.

21           What we're really hoping to achieve through our  
22 conservation program is those holistic, sustainable  
23 systems; not just rewards for individual practices. So we  
24 need to really provide incentives for farmers in  
25 transition between conventional farming systems to more

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1 sustainable systems.

2 Another important thing that we would like to  
3 comment on is the -- we need real meaningful stewardship  
4 incentives. In the proposed rule the base payments, the  
5 reduced base payments and the reduced-cost share rates, we  
6 don't believe are going to provide a real incentive for  
7 sustainable farming, and we'd like to see those cost-share  
8 rates be equivalent to cost-share rates in the other USDA  
9 programs.

10 I have a lot of other things I want to say, but  
11 I'll save those for my written comments. Thank you.

12 MR. HOLLING: Good afternoon to the panel. My  
13 name is Brent Holling. I'm a farmer in central Iowa here,  
14 and for the last five years I've been acting as the Deputy  
15 Secretary of Agriculture serving the State of Iowa, as the  
16 Acting Deputy Secretary of Agriculture for State of Iowa.  
17 So I'm wearing a couple of hats here today.

18 I want to thank Undersecretary Rey and USDA for  
19 bringing this listening session here to Iowa. We really  
20 embrace conservation measures in this state, and we want  
21 to thank you. Particularly, I want to thank Director  
22 Brown and Director McLaren for being here. This will  
23 ultimately come down to you folks to help administer this  
24 in the state, so thank you all for being here.

25 I do want to say we, meaning the department of

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1 agriculture and myself, as a farmer and landowner,  
2 strongly support conservation measures as part of the farm  
3 program. Certainly, the CSP program offers a unique  
4 opportunity for all of us to reward farmers and landowners  
5 who have taken initiatives to be good stewards of their  
6 land. I think all you have to do is get in a car and  
7 drive around this state or fly over it, maybe not so much  
8 when the snow cover is on; certainly when it's green and  
9 to have a little bit of historical knowledge of what the  
10 state looked like even a short five or ten years ago, and  
11 you begin to understand how Iowans, landowners and farmers  
12 in Iowa, embrace conservation programs when they are  
13 available.

14           So we commend USDA for bringing these rules  
15 forward; however, you might guess that there are a few  
16 concerns we have. I want to briefly talk about three of  
17 them we have, and there will be more detail provided in  
18 written comments that we'll submit later on.

19           Certainly, we believe that the CSP should be an  
20 entitlement program for all producers, for all landowners  
21 who qualify to participate. That, of course, would be  
22 dealing with the entitlement and the caps. If we are  
23 going to get everybody that could qualify or should  
24 qualify to be involved in this, we need to be able to let  
25 them do that.

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1           I think another thing maybe you haven't heard  
2 yet today but maybe later, please keep the sign-up as  
3 simple and as complete as possible. As we, who have been  
4 involved with farm programs and sign-up programs in the  
5 past know, the least amount of complexity involved in  
6 these things not only eases the landowners' minds and the  
7 people involved, certainly it eases the people working in  
8 the FSA offices around the state and all of the staff  
9 combined.

10           Also, then, we would like to see the  
11 administration and implementation of this program as much  
12 as can be at the state level because certainly we know how  
13 to administer and implement conservation programs, as has  
14 been evident in the past. Thank you for holding this  
15 session.

16           MR. BROWN: Okay. Next up is Tom German and  
17 Francis Thicke.

18           MR. GERMAN: My name is Tom German. I'm from  
19 Holstein, Iowa. My family and I farm 850 acres, half  
20 owned and half rented. The operation is certified organic  
21 and heavily based on grass-finished wheat.

22           On the current proposed rule, the recent  
23 appropriation, the current proposed rule should be  
24 discarded, as it was stated in the rule that you sent out.  
25 It has no relation to the Conservation Security Program as

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1 it was written into law. The USDA needs to implement the  
2 law as a national program as written forthwith.

3 The commodity portion of the Farm Bill has  
4 always supported row crop and corn/bean production and  
5 given that system an unjustified competitive advantage.  
6 It is inherently unfair to our type of operation.

7 Under the 1995 Farm Bill called Freedom to Farm,  
8 we were told we could change our cropping practices and  
9 farm more and more row crops to other practices and not be  
10 penalized in future programs. In fact, the commodity  
11 portion of the 2002 Farm Bill could not have been written  
12 in a more detrimental way to our farm. It is almost as if  
13 our practices were singled out for future disincentive.

14 When the commodity portion of the 2002 Farm Bill  
15 was enacted, our perennial forages and pastures reduced  
16 our payments by reducing our soybean base history. It has  
17 put us and our landlords at a disadvantage.

18 What that all means is that the current system  
19 is flawed and does not support conservation and resource  
20 protection. The solution can be the Conservation Security  
21 Program as it was written by Congress.

22 It is commonly accepted that perennial foraging  
23 is soil conserving. It takes less herbicides and  
24 pesticides. I will make the assumption that these results  
25 are consistent with the public policy of the resource

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1 conservation and public health protection and water  
2 quality improvements.

3           It is inconceivable that this program isn't  
4 going to highly reward organic farmers that follow the  
5 National Organic Program and pasture-based operations  
6 established on otherwise croplable land. The compensation  
7 on those converted croplands should give you benefits and  
8 should be based on cropland rates; not pasture rental  
9 rates.

10           In conclusion, I urge USDA to support producers  
11 that have already adopted resource-conserving practices  
12 and not penalize them or the landowners. USDA will get  
13 the results of the support. There will either be more row  
14 cropping and its result of herbicides and pesticides along  
15 with confinement livestock operations or resource  
16 conservation as required by the natural organic program  
17 practiced by organic farmers and grass-based livestock  
18 operations.

19           This is an opportunity to level the agricultural  
20 playing field.

21           MR. THICKE: This is Francis Thicke. I'm a  
22 dairy farmer from Iowa, and I would like to talk a little  
23 bit more about process than the content. We've had a lot  
24 of comments about what's wrong with the bill and  
25 specifically the rule.

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1           I have actually worked in USDA in Washington  
2 writing conservation rules, so I want to look at the  
3 process, and maybe some of the audience and panel  
4 understands it.

5           When I look at the rule, I don't really see  
6 NRCS. I see kind of the shadow or big brother of NRCS,  
7 and that is Office of Management and Budget, OMB, that  
8 says there shall be a cap. Once you have this cap, then  
9 you have all these convoluted kinds of things. We have  
10 the watersheds and all these categories to fit it into the  
11 budget.

12           I think if the first domino is caps, it knocks  
13 all the dominoes down and causes all kinds of problems.  
14 If we can remove that cap, then we can easily fix this  
15 problem.

16           Actually, I think we need to look at a simple  
17 junior high civics lesson, and that is that there are  
18 three branches of government. The Congressional branch  
19 makes law. The executive branch enforces the law.

20           About putting this cap on, Congress specifically  
21 said, "There will be no cap on here." The Administration  
22 says, "There will be a cap." This is against the letter  
23 of the law. All these things that are the spirit of the  
24 law come following because of that one thing.

25           If you look at the crop subsidy program, that is

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1 also an uncapped program. We have not come back and said,  
2 "Let's cap that one." That is estimated to be \$12.6  
3 billion next year in FY '05, and USDA says, "We'll have  
4 200 million for CSP; 1.6 percent of that."

5 Look at the programs. CSP is meant to solve all  
6 of our resource problems so we're actually at a  
7 nondegradation level. What is our crop subsidy program  
8 doing? It really is a subsidy for row cropping, model  
9 cropping. It actually is a subsidy for degradation.

10 Here we have in Des Moines -- We're found to  
11 have the largest nitrate mechanism in the whole world due  
12 to the nitrates that come from our crop production. Why  
13 don't we cap one and uncapped the other one; change it around  
14 here? I think that we have our priorities wrong.

15 Also, the CSP is targeted for moderate-sized  
16 family farms. The cap for a farmer is \$45,000. We see  
17 over the last eight years of the crop program that  
18 10 percent of the farmers have gotten 71 percent of the  
19 payments. One farmer in Iowa has gotten \$2 1/2 million,  
20 so let's have a little support for people and the  
21 environment; not crops. Let's not support corn.

22 I want to implore you guys up on the stage here.  
23 We need a chance in here. We need somebody to stand up to  
24 OMB and tell them that. We're going to yell at you. We  
25 know you can't do it unless you get their approval, so

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1 we're going to yell at you so you go back and yell at  
2 them.

3 (Applause.)

4 MR. BROWN: Next up is Duane Hovorka and Duane  
5 Sand.

6 (Pause.)

7 MR. BROWN: Let's make sure I'm pronouncing that  
8 right. Duane, first name; H-o-v-o-r-k-a, Hovorka. If  
9 he's not here, Theresa Opheim. Duane goes first, and then  
10 Teresa.

11 MR. SAND: Thank you for the opportunity to  
12 comment today. I'm Duane Sand. I represent Iowa Natural  
13 Heritage Foundation, a nonprofit conservation organization  
14 of 6,000-plus members.

15 For the last 25 years, we've worked with land  
16 owners and conservation interests throughout Iowa to  
17 improve and protect Iowa natural systems. We concur with  
18 the public comments that CSP cosponsor, Republican Gordon  
19 Smith, who said, "This is too good a program to  
20 shortchange. We have the opportunity to help farmers with  
21 their efforts to protect the environment, and we should be  
22 doing all we can to realize its full potential."

23 We believe the USDA proposed rules go beyond  
24 just missing an opportunity. In total, the rules seemed  
25 to be designed to fail; to actually kill the opportunities

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1 enacted by Congress and the President and to do this  
2 before farmers can actually enjoy the stewardship rewards  
3 envisioned by the law.

4 The American farmer and our environment were  
5 shortchanged when the Administration delayed enrollment by  
6 over a year. They will be shortchanged again if the  
7 following items are not changed in the final rule.

8 First, the base payment under the Federal Farm  
9 Bill report language and the law, rather than using the  
10 90 percent reduction proposed in the rules.

11 Second, cost-share payments should be comparable  
12 to other USDA conservation programs; not substantially  
13 lower, as mentioned in the proposed rules and economic  
14 analysis.

15 Third, enhancement payments should be -- should  
16 compensate farmers for their expenses, time, skills, and  
17 knowledge. The rules expect farmers to sacrifice dearly  
18 for doing ongoing research, demonstration, and monitoring  
19 activities of great public benefit.

20 Fourth, next year's program should be a  
21 nationwide entitlement that was restored in this year's  
22 appropriations act. It's time to issue supplemental rules  
23 and drop the watershed-only approach and any other  
24 arbitrary capping of the program.

25 Fifth, program eligibility should be less

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1 restrictive. Resources of concern should be addressed  
2 within the CSP contract, and their treatment should not be  
3 a prerequisite for entering the program. There should be  
4 no unfunded mandates pertaining to rented lands. The  
5 enrollment process should also be simplified, and  
6 assistance should be available for all conservation  
7 practices to the farmland; not a short list of practices  
8 for each state.

9 Sixth, we need a CSP to level the playing field.  
10 America still lacks a program to reach sustainable land  
11 use. Commodity subsidies still encourage production on  
12 areas that shouldn't be farmed and shouldn't be cleared  
13 for production.

14 The government reacts by buying land easements  
15 or long-term leases to restore habitats and soil and  
16 water. The CSP should be the working lands' alternative.  
17 It should support sound land use.

18 That is why CSP should highlight diverse crop  
19 rotations, rotational grazing, bumpers, and restoration of  
20 natural areas. CSP payments should be tied to the USDA  
21 land capability classification rather than crop history  
22 and pasture lands.

23 In summary, it's time to rewrite. Fail to  
24 reward the best, and you will be ignored by the rest.

25 MS. OPHEIM: Good afternoon. My name is

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1 Theresa Opheim. I'm here today as a fourth generation  
2 Iowan and also an urban person.

3           When the Congress passed the Conservation  
4 Security Program, I was excited because I thought this  
5 program had great potential to help correct the decline in  
6 my state's environment and rural areas. I was excited  
7 because I believe Congress put into law a farm program  
8 urban people fully support because they will reap  
9 environmental benefits from the CSP.

10           I'm here today also as the executive director of  
11 the Midwest Sustainable Ag Working Group. In that  
12 capacity, I have talked with many farmers who are  
13 disturbed by NRCS's proposed rules.

14           Their major concerns include, first, the CSP  
15 should be a nationwide program available to all types of  
16 producers in all regions of the country with all types of  
17 conservation objectives. No farmers I have talked with  
18 support limiting CSP eligibility to farmers within a small  
19 number of watersheds.

20           Second, the proposed rule sets the entry point  
21 too high by requiring that the highest NRCS standards for  
22 soil and water quality have to be achieved before a farmer  
23 is eligible. The rule should allow farmers to meet all  
24 applicable conservation standards by the end of the third  
25 year.

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1           Third, farmers' reaction to the payment rates in  
2 the proposed rule has ranged from disappointment to  
3 derision. With the payment schedule included, to quote  
4 one Iowa farmer, no one will even give this program a  
5 look.

6           Cost-share rates for the management and  
7 maintenance of existing conservation practices should be  
8 set at the 75 percent maximum rate established in the CSP  
9 law. Base payments should be set at the rates established  
10 in the CSP without the 90 percent reduction. Enhanced  
11 payments should reward the most environmentally beneficial  
12 systems and pay for results.

13           Fourth, the proposed rule ignores the law's  
14 clear mandate to reward producers who adopt diversified  
15 resource-conserving crop rotations and managed rotational  
16 grazing systems. Instead, the rule should specify that  
17 these conservation systems qualify for enhanced payments  
18 on a nationwide basis.

19           Fifth, NRCS must treat grass-based agriculture  
20 fairly. Land that has been placed in permanent cover is  
21 unwisely penalized by the proposal. The rule should  
22 establish base payments based on NRCS land capability  
23 classes and not based on current land use.

24           And finally, the rule should include a clear  
25 mechanism for coordinating participation with the National

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1 Organic Program and the CSP. USDA staff should deliver  
2 these complementary programs in the most farmer-friendly  
3 way possible.

4 Because of these problems and many, many more,  
5 Secretary Veneman should promptly issue a revised proposed  
6 rule for the CSP that is consistent with the law; your new  
7 one signed by President Bush restoring CSP to the status  
8 as an uncapped program.

9 Thank you in advance for your amendments to this  
10 program that is important for the future of our  
11 environment and the viability of Iowa's rural communities.

12 MR. BROWN: Thank you all. The next speakers  
13 are Jim Gillespie and Craig Hill.

14 MR. GILLESPIE: Good afternoon. I'm Jim  
15 Gillespie. I work for the Iowa Department of Agriculture  
16 Land Stewardship, Division of Soil Conservation.

17 The state of Iowa has had a very long, positive  
18 conservation path. Over 90 percent of Iowa's landscape is  
19 in ag production, and nearly 95 percent of that land is in  
20 private ownership.

21 What happens on Iowa farms has an incredible  
22 impact on the quality of the environment in Iowa. We  
23 believe that Secretary of Agriculture Ann Veneman's  
24 comments have been on target when she's declared that CSP  
25 has the potential to reward the best and motivate the

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1 rest.

2           Thousands of Iowa farmers have included  
3 sustainable and conserving practices in their operations  
4 for many years. CSP has the potential to reward and  
5 promote conservation in the ways where burdensome  
6 regulation would never be successful.

7           The State of Iowa sincerely wants the  
8 Conservation Security Program to be the most successful  
9 conservation program ever, and concerns with the rules, as  
10 proposed, will weigh heavily on the CSP's ability to  
11 deliver the results all of us are so anxious to see.

12           First and foremost, it's clear that the intent  
13 of the law, as passed by Congress and signed by the  
14 President, was that the Conservation Security Program was  
15 to be an entitlement program that allowed all producers  
16 who qualified to participate. It appears, however, that  
17 the rules have been written in such a way as to accept the  
18 CSP will not be fully funded in the current year or  
19 subsequent years. We believe this is a major shortcoming.

20           The rule attempts to define a lengthy,  
21 multi-step process for sign-up. We have a concern that  
22 the sign-up process may be of too much complexity that  
23 landowners and field staff will have -- find it difficult  
24 and burdensome and extremely time-consuming to assist  
25 producers with the application process.

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1           Though it is important that the goals of CSP be  
2 carried out, the process must remain simple if we expect  
3 Iowa farmers to participate in the program. It appears  
4 that the vast majority of the CSP administration and  
5 implementation lies at the federal level. We strongly  
6 urge the NRCS to allow more decisions to be made by the  
7 state conservationists in coordination with each state  
8 technical committee if we are expected to set priorities  
9 for the natural resources in our state with limited  
10 financial resources at our disposal. It's best to rely on  
11 each state to identify those priorities. This would be  
12 consistent with other conservation-type programs.

13           We thank you for coming to Iowa to listen to our  
14 comments and concerns. We are excited about the  
15 Conservation Security Program, and we have great  
16 expectations for its success. Thank you.

17           MR. HILL: My name is Craig Hill. I'm  
18 representing the Iowa Farm Bureau Federation with my  
19 comments today, and I'm also a full-time farmer in Warren  
20 County, Iowa, raising corn and soybeans and hogs. I'm  
21 also the vice president of the Iowa Farm Bureau, and I  
22 appreciate the opportunity to speak to you today regarding  
23 the Conservation Security Program.

24           I'd like to start by saying the Iowa Farm Bureau  
25 wholeheartedly supports the concept of CSP for a number of

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1 reasons. CSP is different from other programs because it  
2 concentrates resources toward good conservation practices  
3 on farms and working lands. The CSP program benefits both  
4 farmers and nonfarmers. Taxpayers can easily recognize  
5 the benefits of conservation programs, such as CSP.  
6 Providing payments for increased conservation will show  
7 urban populations that they too will receive benefits from  
8 the farm programs and have less soil erosion and better  
9 water quality.

10 Farmers also strongly support the voluntary  
11 nature of this program as opposed to federal regulations.  
12 Another benefit of the CSP program is the payments will  
13 qualify as green box under the WTO rules and, therefore,  
14 are a nontrade historian. Other nations make green box  
15 payments to farmers. The implementation of CSP will allow  
16 U.S. farmers to better compete in the marketplace without  
17 interfering with free trade.

18 We believe CSP will improve net farm income and  
19 improve the nation's waterways and at the same time  
20 preserving the right of farms to voluntarily enter into  
21 this program.

22 Although Farm Bureau strongly supports CSP in  
23 the 2002 Farm Bill, we have a great number of concerns.  
24 At the time of publication, Congress proposed funding caps  
25 of CSP. In the 2004 Omnibus Reconciliation Act, the cap

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1 was removed, so the rules must be revised to reflect this  
2 change.

3           We also are opposed to the limiting of  
4 eligibility based on the watershed approach. This  
5 approach is not consistent with the CSP program and  
6 drastically reduces producer participation and eligibility  
7 and takes away local decision-making, as was the intent of  
8 the Congress. In addition, there are several programs  
9 with funding concentrated on specific watersheds, such as  
10 DMDL funding programs and other programs.

11           The same farmers who are currently eligible for  
12 watershed-based funding should not have more funding  
13 available to them, and the rest of the nation's producers  
14 will have no such opportunity.

15           The CSP program was not meant to duplicate the  
16 efforts of these programs. It was intended to be for all  
17 producers across the nation. It would be more appropriate  
18 to provide enhanced payments to the majority who have an  
19 operation in a watershed and chooses to participate rather  
20 than making location a threshold enrollment criteria.

21           I'm going to abbreviate to the summary, and much  
22 of what has been said today Farm Bureau concurs with, but  
23 CSP can be a template for farm policy in the future. We  
24 have a quandary, though, a predicament today.

25           The Farm Bureau, NCSP, was crafted by political

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1 leaders with 1.8 million farms in mind. 750,000 farms  
2 today receive benefits from USDA at 3.8 billion, which we  
3 had thought to be the intention of Congress. We thought  
4 we should reach 50,000, maybe 100,000 farms across the  
5 nation. The rules as outlined will only reach 500 to  
6 1,000 farms in the U.S.

7 Thank you for getting started, but my question  
8 is: Is it prudent to have one set of rules for two vastly  
9 different set of circumstances? Thank you.

10 MR. BROWN: Thank you all. Next two are Robert  
11 Karp and Alan Lemker. Alan isn't here. Loni Kemp.

12 MR. KARP: Good afternoon. My name is Robert  
13 Karp. I'm the executive director of Practical Farmers of  
14 Iowa. Thank you for the opportunity to comment.

15 I think, indeed, the Conservation Security  
16 Program is a historic program. As many people have said  
17 here today, it has the opportunity to really revolutionize  
18 how we think about farm payments and the farm program. It  
19 has the opportunity to begin to make sustainable  
20 agriculture the way we do agriculture in our nation.

21 Our organization consists of about 700 members  
22 in Iowa who, over the past 20 years, have pioneered many  
23 of the farming practices that this program is designed to  
24 support. Over the 20 years of the life of our  
25 organization, we have rarely involved ourselves at all in

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1 public policy or farm policy issues, but the Conservation  
2 Security Program motivated our organization in ways that  
3 no farm program has before.

4 Our board has taken a stand in support of this  
5 program. It has the opportunity to not only help those  
6 farmers who are members who have been out ahead on the  
7 conservation front but also those who really want to go  
8 this direction and need some motivation, need some  
9 incentive to do it.

10 But the basic message I want to send to you  
11 today is that this program, these rules, they simply do  
12 not reflect the original program that was set into law.  
13 We need a revised set of rules. We need an amended set of  
14 rules based on an uncapped program. We do not need a  
15 program based on watersheds.

16 We need a program that provides better  
17 incentives not only for the farmers who are way ahead but  
18 the farmers who are right there at the door; they're  
19 starting to make changes and want to move forward. They  
20 need more incentives.

21 Grass-based systems are penalized under the way  
22 payments are handled in this program. I believe  
23 grass-based agriculture is going to become more and more  
24 important. This has got to be reconsidered in this rule.

25 Similarly, organic agriculture, crop rotations,

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1 very basic practices that have become a core of  
2 sustainable agriculture are not enough at the heart of  
3 this program. I simply want to urge you to come out with  
4 another rule that reflects the program that was put into  
5 law; an uncapped entitlement program.

6           There are many, many farmers who could be  
7 greatly disappointed, who can be very discouraged in our  
8 federal government, if you move forward with the rule like  
9 this, and these are the farmers who are really the hope  
10 for agriculture for the next 50 years. Give them some  
11 hope to keep doing what they're doing.

12           Thank you very much.

13           MS. KEMP: Good afternoon. My name is Loni  
14 Kemp, and I'm on the staff of the Minnesota Project. We  
15 have been focused kind of like a laser on the Conservation  
16 Security Program for the last about five years as it's  
17 come along. I'm also serving as co-chair of the National  
18 Campaign for Sustainable Agriculture, which is a policy  
19 network whose top priority is the Conservation Security  
20 Program.

21           I'd like to recognize that we fully understand  
22 that this proposed rule was drafted for a brief moment in  
23 time when there was limited funding for 2004, and the  
24 agency didn't know what was going to come next; however,  
25 everything has changed now. Congress has removed the

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1 funding cap starting in October of this year, and that  
2 changes everything back to the way it was passed in the  
3 Farm Bill.

4           So we are also calling on USDA to immediately  
5 issue a revised rule. Why waste time and energy on a  
6 program designed for only a few months of funding? It's  
7 hardly worth training your staff to implement this program  
8 for just a few months of funding.

9           We're really pleased to see the President's  
10 proposed budget for fiscal year '05. It really shows  
11 movement in the right direction. We think Congress is  
12 going to come through with even more funding as we go  
13 along with the '05 budget.

14           I do have a suggestion as a side note. What to  
15 do about the \$40 million? A lot of people are kind of  
16 fixated on that. My suggestion is that you divide it up  
17 amongst the 50 states and let them each develop some  
18 demonstration CSP contracts so they can practice with the  
19 benchmark; they can practice with the payment schedules;  
20 they can practice with the Conservation Security Plan.  
21 Then by October 1st they'll be trained; they'll be  
22 rehearsed; they can open the doors and take in the real  
23 Conservation Security Program.

24           So I'd like to just step back a minute and say:  
25 Well, what's wrong with this rule? I think we need to

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1 reflect on what the vision of the Conservation Security  
2 Program is.

3           You know, polls have shown that CSP has higher  
4 name recognition than CRP out in the countryside. That's  
5 amazing. We've had CRP for a long time, and CSP doesn't  
6 even exist yet. People are so excited about it. Their  
7 hopes are very high.

8           It's intended to provide the financial  
9 incentives to drive massive improvements in conservation  
10 in this country. That's going to take three things. We  
11 have one out of the three.

12           It has to be open to all farmers. It has to  
13 provide significant incentives, and it has to have high  
14 environmental standards. The rule does have the latter,  
15 so we're really pleased with that. It has high  
16 environmental standards, but with highly restricted  
17 eligibility and laughably low payments, it's just going to  
18 fail. CSP will fail.

19           We propose you start by dropping the watershed  
20 selection and the big enrollment categories. They don't  
21 appear in the law.

22           I find it particularly ironic that with EQIP  
23 Congress just dropped the conservation priority areas.  
24 They were hugely unpopular, and they just dropped it in  
25 the last Farm Bill. Now we have the new CSP, and all of a

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1 sudden it shows up again. It almost seems like a curse  
2 coming back.

3 We have a lot more comments. We'll have to  
4 submit them in writing. Thank you for this opportunity to  
5 talk to you today.

6 MR. BROWN: Thank you. Next will be Myron Just  
7 and Dan Specht. Dan isn't here. Dave Sefrling.

8 MR. JUST: My name is Myron Just. I'm working  
9 as a consultant for Minnesota Project coordinating with a  
10 lot of agriculture groups, commodity groups, other groups  
11 in Minnesota. I also operate a farm in North Dakota,  
12 which I did for 30 years, and our son now operates that  
13 farm there. We use most of the NRCS programs going back  
14 over 50 years.

15 The motto: Reward the best; motivate the rest  
16 cannot apply to the CSP rules on payments unless these are  
17 significantly altered. As it stands, rewards are paltry,  
18 and we think few people would apply.

19 The arbitrary 90 percent reduction in base  
20 payments must be dropped from the rule in order to attract  
21 producers. When we calculated payments on, say,  
22 \$100-an-acre rental land, we found farmers would get maybe  
23 50 cents to \$1.50 an acre, depending on their tier, and  
24 it's really not enough to really entice them, give them  
25 the motivation, the incentive to get involved in the

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1 program.

2           The rule itself is silent on cost shares, but  
3 when we read the economic analysis, we see every  
4 alternative study, except for one, assumes a 5 percent  
5 cost-share rate for existing practices and new practices.  
6 Is USDA really serious? This is neither a reward or an  
7 incentive. Cost shares should be much closer to the  
8 75 percent suggested in the law or even 50 percent, as is  
9 the practice in the states where EQIP is used.

10           The rule for the enhanced payment component  
11 doesn't really tell us much about what would be rewarded  
12 or by how much, and if it is explicit, it's saying the  
13 enhancement payments cannot exceed the participant's  
14 costs.

15           And every alternative economic analysis assumes  
16 10 to 20 percent of costs would be paid. That's totally  
17 contrary to the design of CSP or green payments or a  
18 program that could contribute to a farmer's bottom line.

19           And I think, as Mark and Gary said, this is  
20 supposed to be a new era in agriculture, a new era in farm  
21 policy providing some of that safety net for farmers to  
22 move us away from such commodity-driven programs, green  
23 payments as an award to make our farm programs more trade  
24 friendly and WTO compliant.

25           So in summary, we believe that immediately --

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1 The Secretary and Chief Knight, just before Christmas when  
2 they announced the rules were coming, had indicated that  
3 if -- they said when rules were proposed in December that  
4 USDA noted they would issue a supplement to the proposed  
5 rules if full funding was restored. Now that that has  
6 been done, we really encourage them to acknowledge that,  
7 to abide by that so that we can respond to rules that get  
8 at the real CRP.

9 Then finally, as Loni said earlier, on the 41.4  
10 million, make that work in a way that moves to '05,  
11 because we've really only got a short window this summer.  
12 So design it for that October period when full funding  
13 comes into place and have each state maybe develop a model  
14 or pilot that would greatly reduce your administrative  
15 costs, and then use it as a working model to develop the  
16 future program; '05, for example. Thank you.

17 MR. SEFRLING: Thank you so much for this  
18 opportunity. My name is Dave Sefrling. I'm a farmer in  
19 southeastern Minnesota and farm about 350 acres, and I'm  
20 also a member of the land stewardship project called the  
21 Public Policy Committee.

22 This is a great day where we can all come  
23 together to work on the next great conservation program in  
24 the United States. I know you've heard a lot of  
25 complaints about the priority watersheds, but as a farmer

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1 what is more disheartening to me is the use of the  
2 categories. It would be terrible for the farmers to go  
3 through all the work of being in a priority watershed, of  
4 filling out these self-assessments, of finally completing  
5 all the requirements for a CSP contract and then not to be  
6 funded because they're not in the right category. So  
7 please, please fund all the contracts that farmers can  
8 achieve no matter if they're in the right category or not.

9 I appreciate the comments about the question  
10 about the T. That's a nondegradation level for the soil  
11 quality.

12 I appreciate the reassurance that no one -- it  
13 would be very difficult for anyone to get in the program  
14 without achieving T. If any farmer gets into this program  
15 and still is losing soil above sustainable losses, we  
16 should all be ashamed.

17 We've been working for T for years and years,  
18 and if we let farmers in this program still losing soil,  
19 it's wrong. I think we should use the enhancement  
20 payments to entice more soil conservation.

21 There's questions in the rules about whether or  
22 how to figure the enhancement payments. Soil loss can be  
23 easily calculated. If a farmer can document that he is  
24 building soil faster than he is losing it, then he should  
25 receive an enhancement payment. I don't care whether he's

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1 a no-till, intensive row-crop farmer, a low-managed  
2 grazing farm, or a farmer using a multitude of  
3 conservation methods such as resourcing with crop rotation  
4 and conservation tillage. I don't care how he does it.  
5 The important thing is he is building soil faster than he  
6 is losing it.

7           There is a provision in the rule that CSP will  
8 not pay for more than what the enhancement payment will  
9 cost. In my area you can buy a ton of top soil for \$9 a  
10 ton. If a farmer can document that he's building 2 tons  
11 of soil per acre per year, then his maximum enhancement  
12 payment would be \$18 per acre.

13           Another example where you could use an  
14 enhancement payment is if the pesticide management plan is  
15 used and integrated into a pesticide strategy to meet the  
16 pesticide management. An organic farmer who doesn't use  
17 any pesticides should reasonably be rewarded with an  
18 enhancement payment.

19           Finally, I would hope the NRCS will publicize  
20 which farms are Tier 2 or Tier 3 NRCS farms so when those  
21 farmers go into their lenders and say, "I'm building  
22 productivity in my land. My land should be more to you  
23 and future buyers down the road," it is my dream that our  
24 farmland will be valued more on productivity of the soil  
25 than on the size of its corn and soybeans. Thank you.

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1           MR. BROWN: Thank you. Next two are Dwight Ault  
2 and Ken Herring.

3           MR. AULT: I appreciate being listened to. I'm  
4 not sure that I feel up to anything -- I'm tired. I had  
5 six calves get out yesterday afternoon, and it's been a  
6 restless night. Anyway, that's why I'm up this quick;  
7 otherwise, I would have been probably 45th.

8           Anyway, all the information that was handed out,  
9 it boggles my mind because I have not spent the time I  
10 should have studying it. I think that we've got a  
11 philosophical problem, in addition to the detail, that is  
12 almost overwhelming.

13           I think USDA needs to begin showing its face  
14 towards conservation. I think if this program is not  
15 successful, if it's not understood only by -- not only by  
16 the farmers but also by the urban people as a voice of  
17 people, I think USDA will be written off.

18           This is a pretty severe accusation, but I've  
19 seen too many things. I'm 75 years old. I'm discouraged  
20 about what's going on in farming. I suspect that Monsanto  
21 is delighted that the program is terribly detailed, and if  
22 it fails, I'm sure they'll be pleased along with Pioneer  
23 and John Deere and those parts of the monetary economy  
24 that looks for things that aren't necessarily right.

25           I think we have to look at what Giles Randall

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1 says, who is an outspoken critic of our agriculture. He  
2 says that corn and beans are not sustainable.

3 I believe that this is right on. Giles has had  
4 an about-face, and we need people to monitor and to help  
5 conservation.

6 I represent the Isaac Walton League in a way.  
7 I'm on the ag program, the ag policy committee. There's a  
8 lot of discouragement in environmental groups.

9 I just simply hope that you can redo some of the  
10 programs so it's acceptable to the average farmer;  
11 otherwise, I'm afraid it's going to have some pretty  
12 negative reports.

13 MR. HERRING: My name is Ken Herring. I chair  
14 an internal task force for the agricultural farm program  
15 committee for the International Association of Fish and  
16 Wildlife Agencies. My charge, as a chairman of that  
17 group, is to review and summarize and recommend comments  
18 into action that the international association will be  
19 taking and providing on this proposed rule.

20 We also agree with a lot that's been said here  
21 today. In summary, we believe that the draft rule  
22 unnecessarily restricts the original intent of CSP that  
23 was signed by the President in a number of important ways.  
24 Our review indicates that the draft rule, first, is not  
25 national in scope but has opted for a priority watershed

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1 process not intended by the legislation.

2           Secondly, it does not consider wildlife as a  
3 co-equal objective of conservation enhancements but  
4 focuses solely on water and soil. We believe that to be a  
5 major flaw in developing the encompassing support of all  
6 conservation partners for CSP and ultimately flawing the  
7 vital existence of CSP in the future.

8           Thirdly, it's not open to all private landowners  
9 and, therefore, seriously compromises opportunities for  
10 producers that are true model conservationists. We  
11 believe that's an important flaw as well.

12           Fourth, the rule further proposes to restore the  
13 list of eligible conservation practices. For example,  
14 wetlands that a farmer has willingly put in that  
15 contributes so much to water quality.

16           Fifthly, we feel the rule greatly restricts the  
17 collaborative development and cooperative conservation  
18 team building that's so important in the success of this  
19 rule. The states, the conservation partners, and clear  
20 down the producer levels of each and every state need to  
21 be collaboratively involved, as is demonstrated by the  
22 good, working relationship this state and technical  
23 committee has in Iowa.

24           In summary, our collective concern really is  
25 that the draft rule proposed is based on the concept that

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1 it must automatically restrict the opportunity of CSP  
2 based on budget limitations. It's our opinion that this  
3 philosophy is flawed and that the rules should be based  
4 upon implementing the CSP program, as has been stated here  
5 today, with the spirit and intent of the law.

6 We too have high hopes for the CSP program, and  
7 we encourage you to consider making sure that all -- you  
8 have a wide, broad-based support of the CSP program  
9 through wildlife, fish, forest, grass producers, and it is  
10 all there with implementing those national concerns at all  
11 tiers.

12 MR. BROWN: Thank you all. Kent Smith and Lori  
13 Sokolowski.

14 MR. SMITH: I am Kent Smith, a credit farm  
15 manager and president of the Iowa Chapter of the American  
16 Society of Farm Managers and Rural Appraisers. I'm making  
17 comments on behalf of the American Society of Farm  
18 Managers and Rural Appraisers and the Iowa chapter of the  
19 American society. Our organization represents over 900  
20 professional farm managers.

21 Research by Ag Services shows there's  
22 approximately 2,060 professional farm managers in the  
23 nation who manage approximately 125 million acres of farm  
24 and ranch land in the United States. Over half of the  
25 farmland in the United States is owned by nonfarmers,

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1 which is where our client base comes from.

2 All landowners leasing under crop share/cash  
3 rent basis will be excluded by definition of "agricultural  
4 operation." We are also unsure where owner/operator  
5 absentee landowners would fit into this definition.

6 About 15 percent of our clients operate the  
7 farms in this manner. We would like the rules to more  
8 clearly identify if these landowners qualify through CSP  
9 through active personal management through an agent; i.e.,  
10 professional farm management.

11 Our client-based absentee landowners, most of  
12 whom are conservation-minded, will participate in the CSP,  
13 if eligible. One major roadblock is length of lease.

14 In our business very few leases run more than  
15 one year in length. This is necessary to maintain  
16 flexibility for owners to adjust rental arrangements,  
17 transfer ownership within family, or sell on the open  
18 market. Maintaining flexibility due to the fast-changing  
19 agricultural environment and the advancing age of many  
20 absentee landowners, which will result in a large amount  
21 of farmland changing hands in the decade.

22 Requiring our operators to secure a multi-year  
23 lease to control the land during the contract period will  
24 limit program participation on land owned by nonfarmers.  
25 Since CSP is a multi-year program and ultimate control of

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1 the farm rests with the landowner, the landowner should be  
2 the one qualifying the farm for CSP.

3           Payments can be split between owner and operator  
4 based on participation in conservation efforts. The true  
5 benefit would be exposing the next-generation landowner to  
6 the benefits of conservation.

7           Limited resource producers or young farmers are  
8 generally working with the landowner on a share basis.  
9 Landlords, local or absentee, offer a great opportunity  
10 for young farmers who most often begin farming with  
11 limited financial resources. Allowing landowners to be  
12 flexible with length-of-lease terms would allow the  
13 tenants to participate in CSP.

14           An alternative is a signed lease for the term of  
15 the contract with a signed statement stating the intent  
16 with the leasing arrangement without a long-term lease  
17 required. This would be less prohibitive, allowing the  
18 contract to transfer to a new, eligible party or money to  
19 be refunded if successor cannot be qualified.

20           Based on the workload at most county NRCS  
21 offices, technical service providers could greatly enhance  
22 the delivery of CSP. Please understand that independent  
23 certified conservation planners need to be able to cover  
24 the cost of business expense and business risk to be able  
25 to engage in this work. Qualified people will make

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1 themselves available if payment is commensurate with the  
2 cost of doing business.

3 Thank you for allowing us to make these  
4 comments.

5 MS. SOKOLOWSKI: Good afternoon. I'm Lori  
6 Sokolowski representing Iowa Farmers Union, and I'm also  
7 an active farmer.

8 The Omnibus Appropriations Bill passed by  
9 Congress this year restores the funding dedicated to the  
10 Conservation Security Program and the 2002 Farm Bill and  
11 clears the path for USDA to carry out the CSP as enacted  
12 to compensate farmers and ranchers across America for  
13 conserving soil, water, air, energy, wildlife, and other  
14 resources.

15 There is now no basis for the Administration to  
16 go ahead with the proposed CSP rules that would  
17 potentially take millions of dollars away from producers  
18 for conservation, deny thousands of farmers and ranchers  
19 participating in CSP, and severely reduce compensation for  
20 the few who are allowed to enroll.

21 The law is clear that any farmer eligible for  
22 CSP should be allowed to join. If the federal government  
23 is to prioritize eligible farmers, much of the real  
24 conservation benefits gained through this program would be  
25 sharply curtailed.

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1 CSP is a national program open to all producers  
2 of all types of agricultural commodities across the  
3 United States who meet the program's conservation  
4 requirements. A supplement to the proposed rule must  
5 remove the watershed prioritized approach and provide all  
6 farmers and ranchers the opportunity to qualify for and  
7 participate directly in CSP, in addition to any other USDA  
8 conservation program. All additional obstacles to sign  
9 up, like excessive paperwork and interviews, must be  
10 removed in the supplement.

11 CSP promotes conservation of all natural  
12 resources; not just soil and water. The supplement must  
13 allow participation by farmers and ranchers who have  
14 agreed to address any or all of the natural resource  
15 concerns on their operation to qualify criteria level  
16 contained in the Natural Resource Conservation Service  
17 Field Office Technical Guide by the end of the CSP  
18 contract.

19 All conservation practices and FOTG should be  
20 available to participating farmers and ranchers whether  
21 the practices are newly adopted or are maintained.  
22 Without justification, it appears that the proposed rule  
23 severely reduces compensation to the farmers or ranchers,  
24 which will dramatically reduce the conservation achieved  
25 through CSP.

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1           The supplemental rule must reflect the accurate  
2 and full base cost-share and enhancement payments required  
3 by law. In order to enroll in the CSP, farmers and  
4 ranchers should not be required to implement practices on  
5 lands not eligible for payment.

6           The proposed rule contains a ranking system in  
7 the form of a watershed prioritization and categories that  
8 were repeatedly rejected during the Farm Bill  
9 negotiations. It effectively limits eligibility for  
10 farmers and ranchers already practicing extensive  
11 conservation and who have the financial means to adopt  
12 conservation for very little reward. The supplemental  
13 rule must drop this ranking approach and allow all  
14 qualified farmers and ranchers to participate.

15           The program should be continually open to  
16 enrollment through the transparent guidelines and sign-up  
17 procedure, and NRCS should implement CSP as an entitlement  
18 conservation program open to all procedures who meet the  
19 qualifications and without bidding systems or quotas.

20           The program is not intended to compete or  
21 conflict with other commodity support programs. Thank  
22 you.

23           MR. BROWN: Thank you. Mark Schultz and Kurt  
24 Kelsey.

25           MR. SCHULTZ: Thank you. My name is

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1 Mark Schultz. I'm the policy director for the Land  
2 Stewardship Project, a farm and conservation membership  
3 organization in the upper Midwest.

4 Our federal farm policy committee is made up of  
5 farmers who have been part of CSP from the very beginning.  
6 Eight points; 20 seconds each.

7 We support the CSP as a nationwide conservation  
8 program focused on working farmlands, which would reward  
9 the best and motivate the rest. As intended by Congress,  
10 CSP should be open to all farmers who are practicing  
11 effective conservation.

12 Two, as others have stated, USDA should issue a  
13 supplement to the rule consistent with the law of CSP,  
14 which would be open for public comment.

15 Here's some things to fix. Three. USDA's  
16 preferred approach in the proposed rule would severely and  
17 unnecessarily prevent most farmers from gaining access to  
18 CSP. USDA needs to get rid of the idea of restricting  
19 sign-up for CSP for a few selected watersheds and  
20 undefined categories.

21 Next. The USDA's proposed rules fail to make  
22 anywhere close to adequate payments for environmental  
23 benefits being produced by farmers currently practicing  
24 effective conservation. A critical way to secure the  
25 vital conservation of our soil and other resources is to

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1 recognize and reward it where and when it is being done.  
2 Paying the best practitioners for results is sound  
3 economics and smart policy.

4 CSP-based payments shall be set at the local  
5 rental rates based on land capability without the 90  
6 percent reduction proposed by USDA. Enhanced payments  
7 shall reward to most environmentally beneficial systems  
8 and to the maximum extent possible to pay for results.  
9 They shouldn't be treated as cost-share but rather real  
10 bonuses for exceptional performance.

11 CSP needs to recognize and reward resource-  
12 conserving crop rotations and managed rotational grazing.  
13 They're proven conservation systems. They deliver  
14 environmental benefits.

15 Both are specifically mentioned in the CSP  
16 statute, and they should be highlighted in the enhancement  
17 payments as well for management payment.

18 As has been mentioned, USDA should not penalize  
19 farmers for shifting former cropland or possible cropland  
20 to pasture as part of a managed grazing system. Instead,  
21 the rule should establish base payments based on NRCS land  
22 capability classes and not current land uses.

23 CSP should allow farmers with USDA-approved  
24 organic certification plans under the National Organic  
25 Program to simultaneously certify under both, NOP and CSP,

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1 if they meet the standards of both.

2 Finally, CSP should use the one producer/one  
3 contract approach and attribute all CSP payments to real  
4 persons to guard against program abuse. CSP contracts  
5 also should be renewable on an ongoing basis; not one time  
6 or generally one time. That's extremely important for the  
7 real power of CSP as a new farm policy for the nation.

8 Thank you.

9 MR. KELSEY: Good afternoon. My name is Kurt  
10 Kelsey. I'm from Hardin County, Iowa. I'm a farmer. I  
11 raise livestock and grain.

12 I'm also president of Iowa Citizens for  
13 Community Improvement. We have members in 93 of the 99  
14 counties here in Iowa. We work on grass roots items and  
15 areas that are important to our members.

16 I feel that the CSP is really an important  
17 thing. I'm a no-till farmer. I've been no-tilling for  
18 quite a few years. I've built a lot of filter strips,  
19 grass waterways, terraces. I've done all that, but  
20 there's a lot of people that haven't.

21 That reminds me of a story I heard a long time  
22 ago that said that a farmer is the guy who will spend  
23 hours and hours in a lawyer's office trying to figure out  
24 a way to save his farm and pass it on to his future  
25 generations. Then he'll go home and get out the plow and

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1 plow it up black, and it will all wash down into the  
2 creek.

3           So I tell you, there's a lot of good operators  
4 out there, and there's a lot of them that need help, and  
5 something like this could really help in the country.

6           As we see it, there are three serious problems  
7 with this, and we think that somebody is trying to derail  
8 the deal. Anyway, it looks to us like USDA's proposed  
9 rule limits to limit the small number of watersheds and it  
10 limits for the type of producer that qualifies is just not  
11 right. It's just completely contrary to the law, which  
12 makes CSP an entitlement program open to all.

13           The geographic limitations also would result in  
14 lower participation, less progress that will result from  
15 CSP, and more opportunity for corporate agribusiness to  
16 manipulate CSP.

17           We feel the solution to that is that we need to  
18 review these restrictions and make it open to everybody.  
19 We feel also that the proposed rule sets the entry point  
20 too high, and we need to do away with that. It needs to  
21 retain the high environmental standards, but it needs to  
22 allow farmers to achieve these standards rather than have  
23 to have them before they start.

24           Also, we feel that the payments are just  
25 outrageously low. When they do that 90 percent -- or

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1 10 percent deal, it gets down to 50 cents an acre or a  
2 dollar and a half an acre, and you have to go through a  
3 lot of paperwork and bookwork to do it, a lot of people  
4 won't do it.

5 So we think they need to get it back to the way  
6 that Congress wrote it. That's what it should be all  
7 about.

8 We feel they should mirror the law and do it the  
9 way that Congress wanted it to be done. We could be  
10 talking about maybe \$7 billion for farmers over the next  
11 ten years. This could really help out in the country.

12 If you look down the road 100 years or more,  
13 even 20 years or just even look in the future, what's  
14 going to happen if we don't take care of the land that we  
15 have out there? It's really, really important.

16 We spend a lot of money on a lot of other things  
17 the government does, but this is something we need to do  
18 to protect our future generations.

19 Thank you, and I hope you change some of these  
20 rules and make it more friendly for farmers. Thank you.

21 MR. BROWN: Thank you all. Don Soutter and Carl  
22 Roberts.

23 MR. SOUTER: Let me get my glasses on here. I'm  
24 Don Souter. I represent myself. I'm a dairy farmer, and  
25 I've come to the realization today that I'm nonprofit and

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1       disturbed. That's a sad deal.

2                   When this program came out, I followed it  
3 closely. I thought: This is the ticket for the small  
4 livestock farmer, dairy farmer. I got to following it a  
5 little more, more of the rules. I thought to myself, "We  
6 can't live with this. It wasn't designed to be this  
7 complicated."

8                   So I got to thinking, you know, we're sitting  
9 here. We're on the I-80 corridor. Basically anything  
10 south of here is grassland. We're livestock. We're  
11 livestock producers, and I thought that's basically what  
12 this program was for, livestock producers.

13                   We are good stewards of the land, or we would  
14 not be in business. We've been a family business for many  
15 years. So if you get south of 80 and look at these towns  
16 where they tried to leave the livestock and go to grain  
17 farming, our towns south of 80 are dead.

18                   As livestock producers and dairy producers, we  
19 have another problem coming down the road that USDA is  
20 putting on whether we like it or not. It's going to be  
21 another expense for us. It's the identification and  
22 verification of our livestock.

23                   That's going to cost some money. We already are  
24 operating real close, real close. We're running  
25 20-year-old equipment, and we're cutting corners as much

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1 as we can. We have another expense coming at us. We need  
2 some help. We need some help.

3 Basically you're in the heart of the breadbasket  
4 right here, this I-80 corridor. We produce the beef  
5 that is demanded by the Japanese who want premium quality.  
6 You get it from the herds that have the cow/calf  
7 operations here, that are fed here. We feed them corn,  
8 soybean meal.

9 We're not feeding you Mexican steers down in  
10 Texas fed milo and chicken manure. You're getting the  
11 best right here.

12 If you want to keep getting the best, you better  
13 help us out a little bit, because things are not as rosy  
14 as have been painted. I'm numb today sitting here at this  
15 meeting, and I suppose you are, because we gave new  
16 meaning to beating a dead horse here.

17 I mean, you know where this is going. We have  
18 to have some help out here.

19 Basically I thought this program was for the  
20 small farmer; not for the large guys that run all over the  
21 state farming 1,000 or 2,000 or 3,000 acres. This is for  
22 us. Thank you very much.

23 MR. ROBERTS: I'm Carl Roberts. I farm in  
24 Wright County and live near Belmond. I have no-till.  
25 I've been on the current water conservation commission for

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1 the last nine years. I'm going on my last year right now.  
2 I'm chairperson right now.

3 I guess I'd like to second what Deb Ryan said,  
4 and I can shorten up a lot of what I've got here  
5 considering Susan Heathcote and Craig Hill. I pretty much  
6 agree with all of what has been said.

7 I think pretty much everybody here has said the  
8 same thing. We can't discriminate against the farmer  
9 because he doesn't farm in the priority watershed. We try  
10 to personalize it a little bit, and we do that with EQIP.  
11 Right now it is pretty much two watersheds; Iowa River or  
12 Des Moines River. You're in one or the other.

13 We have people that won't sign up -- weren't  
14 able to sign up for EQIP who desperately need the plans  
15 being written. We need the technical assistance, the  
16 financial assistance, and we weren't able to get it  
17 because the State would not fund the whole county as a  
18 priority area. We felt it was.

19 We have selection. Guess who is the chairman  
20 who gets the deciding vote? It's political. It shouldn't  
21 be political. It should be left at the local level.

22 You have farmers mad at you. "Why does he  
23 qualify and I don't? We just live across the road from  
24 each other." It's because of the squiggly lines where the  
25 watershed goes.

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1           That's not right. We need just as much help on  
2 the one side as the other. We look at our watershed as  
3 far as who's going to determine what the priority area is.  
4 If it's somebody in Washington or somebody at the State or  
5 somebody at the local level, it really doesn't matter, to  
6 a certain extent, because when you have a priority area,  
7 the priority areas are areas where people aren't doing  
8 things right.

9           Maybe it's not the farms. Maybe it's the urban  
10 area causing the trouble, but that priority area is not  
11 doing the right things, or it wouldn't be a priority area.

12           We're already recognizing the fact we're going  
13 to help that priority area, which isn't doing things  
14 right, and the CSP, from when I talked to Tom Harkin, is  
15 supposed to be a program to reward people that have been  
16 doing things right.

17           If they've been doing things right, they  
18 wouldn't be a priority area and wouldn't need the help. I  
19 think we really need to consider that. Thank you.

20           MR. BROWN: Okay. Thank you all. We're going  
21 to need to pause just for a minute.

22           I guess what I'm going to ask you is I know you  
23 need to stretch, stand up and have a brief stretch break  
24 while the transcriber changes her paper. I know this is a  
25 large group. Let's don't get all out of the room and

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1 everything else, because getting back together will be  
2 very difficult. So let's just take a short stretch break.

3 (Brief recess.)

4 MR. BROWN: We need to go ahead. I will call  
5 the next two speakers. The first speakers are Nate  
6 Van Meter and Al Schafbuch. Nate is not here. Al, go  
7 ahead, and the next one is John Sellers.

8 MR. SCHAFBUCH: My name is Al Schafbuch. I farm  
9 in Benton County, which is east central Iowa. I farm  
10 pretty level ground. It doesn't need a lot of terraces  
11 and all that, but I'm doing all no-till because it saves a  
12 lot of soil. I have some concerns about this program.

13 The Conservation Security Program needs to be  
14 available to all producers who supply. Maybe we should  
15 shorten the length of the contract to let all producers  
16 have access. A limited time sign-up will not let  
17 producers who are not sure of what the program will do or  
18 have access, and some producers will just be slow signing  
19 up. So we don't want to limit the time.

20 The CSP program needs to reward producers who  
21 are currently using conservation programs on the land. If  
22 you exclude the producers who are currently protecting the  
23 environment, you send a message to the polluters that  
24 polluters get paid, and the good stewards are taken for  
25 granted.

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1           This may cause some producers to stop using some  
2 good management practices for a few years in order to  
3 qualify for the program. If you're only looking for soil  
4 erosion not to occur, paying producers that are using good  
5 conservation practices sets them up as an example for  
6 others to follow.

7           Cropping systems such as no-till, strip-till,  
8 and rich-till will have a greater impact on the total loss  
9 of soil and nutrients than other programs that lose a lot  
10 of soil to build permanent structures and terraces.

11           Terraces alone let the soil move 150 feet before  
12 it goes into the drainage tile. With our no-till, we stop  
13 it where it starts.

14           A no-till or strip-till program will increase  
15 the organic matter and the carbon secretations of the soil  
16 using less purchased nitrogen to grow a profitable crop.  
17 This keeps nutrients on the land and makes it more  
18 profitable. In Iowa this cropping system will probably  
19 keep the nitrogen out of our lakes and streams.

20           Producer-applied systems will get more  
21 soil-saving practices upon the land, and it's less money  
22 for owner-applied improvement practices.

23           Using a regional watershed approach will cause  
24 the NRCS to re-organize all of the county conservation  
25 boards and the programs that are in place to distribute

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1 money to producers who are currently farming with the  
2 proper methods. Thank you very much.

3 MR. SELLERS: My name is John Sellers. I'm a  
4 farmer in south central Iowa. I'm a soil conservation  
5 district commissioner. I'm also representing the State  
6 Soil Conservation Committee.

7 On behalf of the State Soil Conservation  
8 Committee, thank you for the opportunity to speak today.  
9 The State Soil Conservation Committee believes that the  
10 Conservation Security Program has tremendous potential to  
11 provide long-term solutions for many of our nonpoint  
12 environmental problems.

13 We find portions of the CSP rule to be  
14 troublesome, however. I would like to address with you  
15 these areas of concern.

16 We question how a program designed in law to be  
17 an entitlement program can properly function from a rule  
18 that accepts that funding is not forthcoming now nor will  
19 be in the future. The rules should be written in such a  
20 way as to carry out the congressional intent; that all  
21 producers be eligible. Budgetary caps may constrain the  
22 full implementation of the law as well as the rule, but  
23 the rule itself should not set those limits.

24 The rule should be designed with broad policies,  
25 and budget shortfalls should be dealt with

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1 administratively. Priorities should be set by individual  
2 states through the state technical committee. The rule in  
3 its current form does not allow for states to meet their  
4 individual needs, as is the case with other conservation  
5 entitlement programs. Far too many administrative and  
6 implementation decisions within the rule are made at the  
7 federal level when they could be better determined  
8 locally.

9           The process for sign-up appears to be lengthy,  
10 complex, and potentially confusing. We have a concern  
11 that the sign-up process may be of such complexity that  
12 landowners and NRCS field staff will find it difficult to  
13 administer. If this proves correct, enrollment  
14 applications may be significantly reduced.

15           It is important to keep the sign-up process as  
16 simple as possible in order to maximize participation and,  
17 thus, maximize the environmental benefit. We thank you  
18 for taking the time to listen to our concerns and  
19 comments, and we remain enthusiastic that CSP can become  
20 one of our best conservation programs yet.

21           MR. BROWN: Dan Brutsche and Tade Sullivan. Is  
22 Dan here? What about Tade? Okay. All right.

23           MR. BRUTSCHE: I'm Dan Brutsche. I'm a fourth  
24 generation farmer. My wife and I own three century farms  
25 and another one that would qualify as a century farm.

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1           I think I've seen something here today that has  
2       been very interesting. I think I've seen the independent  
3       image of the Iowa farmer completely shattered. I see  
4       ICCI, Iowa Farmers Union, Farm Bureau, everybody united on  
5       their opinion, and I'm glad to see it for a change.

6           I own and operate a diversified farming  
7       operation of 600 acres of corn and soybeans and 150 head  
8       of cattle. I serve on the Iowa Corn Growers Production  
9       and Environmental Committee, and my comments are on behalf  
10      of nearly 6,500 members of the Iowa Corn Growers.

11          We are very concerned about the proposed rule of  
12      the Conservation Security Program as published in The  
13      Federal Register. We believe that USDA should rewrite  
14      major portions of the rule so that it will more accurately  
15      reflect the needs of farm families and the language of the  
16      law.

17          The Conservation Security Program was designed  
18      for working lands. This rule will not meet those needs.

19          The rules severely restrict my ability and that  
20      of countless other farmers in Iowa to participate in the  
21      program. The following summarizes our concern.

22          CSP is written, and the Farm Security Act does  
23      not require farmers to live on priority watersheds to be  
24      eligible. We urge you to drop this requirement. The  
25      process of determining those priority watersheds is too

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1 heavily dependent on modeling.

2           The rule does not provide for adequate local  
3 input in selecting those most crucial watersheds. By  
4 restricting the eligible practices to only those that  
5 address soil and water quality issues, as defined by the  
6 Field Office Technical Guide, the rule ignores the mention  
7 of practices specifically defined in the law.

8           Base payments to producers in the rule are  
9 restricted to one-tenth of the payment that was defined in  
10 the law. I urge you to follow the funding formula  
11 specified in the law.

12           The definition of an agriculture operation does  
13 not allow farmers who rent significant tracts of land to  
14 enroll because all land must be under control for a  
15 specified period of time.

16           Prioritized enrollment categories written in the  
17 rule will require the average farmer to spend more money  
18 on implementing practices than they will see in financial  
19 or environmental benefits to the operation. I urge you to  
20 adopt a more objective measurement, like an environmental  
21 benefits index. Thank you.

22           MR. SULLIVAN: My name is Tade Sullivan. I'm  
23 the director of public affairs for the Iowa Corn Growers  
24 Association.

25           I'd like to say at the outset that the Iowa Corn

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1 Growers Association was among the first organizations to  
2 formally endorse the concepts of CSP. There's been a lot  
3 of people that have been talking about the budget  
4 constraints that have been outlined in the rule. I think  
5 it's worth touching on, because the rule takes up  
6 considerable column space outlining those constraints.

7 We're concerned that NRCS is placing too much  
8 emphasis on the 2004 cap of \$41 million. Should this  
9 proposed rule move forward and a final rule be issued,  
10 it's been our experience and I'm sure that of those at the  
11 head table that the USDA and OMB clearance process could  
12 not possibly produce a final rule before late this summer,  
13 which would mean USDA would have three months to deliver a  
14 \$41 million program.

15 Producers are just beginning to understand the  
16 program, so the \$41 million cap should pose little or no  
17 problem, in reality, to NRCS.

18 Your presentation suggested that soil and water  
19 criteria is sanctioned by the law, and let me clearly say  
20 to you that it is not. In fact, there's a specifically  
21 defined list of practices that essentially have been  
22 ignored in this rule.

23 The manager's statement reads that the managers  
24 intend to assist agricultural producers to concentrate on  
25 resource problems, including soil, air, water, plant and

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1 animals including wildlife and energy conservation on the  
2 particular operation using a broad array of conservation  
3 practices.

4 CSP was designed to encourage maintenance of  
5 practices and the adoption of new practices necessary to  
6 meet the requirements of each tier by the end of the  
7 contract period, but not prior to enrolling into the  
8 program. This was to encourage increased conservation by  
9 both producers who are already doing some conservation, by  
10 those who haven't historically done much.

11 You also pointed out in the presentation the  
12 statute prohibits the Secretary from implementing a  
13 ranking system. In fact, I'd like to read that. "The  
14 Secretary will not employ an environmental bidding or  
15 ranking system in implementing CSP and should approve or  
16 produce this contract that meets the standards of the  
17 program."

18 You need to remove the categories approach,  
19 essentially the enrollment categories, which are a defacto  
20 ranking system, that violate the law and congressional  
21 intent. Instead, all producers who wish to participate  
22 should be allowed to participate, if they meet the program  
23 minimum requirements.

24 With that, I'll submit the rest of my comments  
25 into the record, and I appreciate the time that you've

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1 taken to hold this listening session.

2 MR. BROWN: Thank you. Tim Recker and Tony  
3 Allen.

4 MR. RECKER: Good afternoon. My name is Tim  
5 Recker. I farm in Fayette County; a far northeast Iowa  
6 county. I live in the Maquoketa Watershed. I farm  
7 approximately 1500 acres and raise hogs. I serve as a  
8 district representative for the Iowa Corn Growers for  
9 District 3.

10 Many of the things that have been expressed here  
11 are already in my proposed speech today, and I'd rather  
12 not go through them right now.

13 Dan touched on it briefly, but I'm encouraged  
14 that we have so many diverse groups here that all have one  
15 common goal, and that's to improve CSP. We all are on the  
16 same -- for once, we are on the same side holding hands  
17 like we've never done before, so I'm encouraged by that,  
18 to see all our groups with very different opinions coming  
19 together to echo the same message.

20 I could hit the highlights of it, but what I'd  
21 like to -- The biggest thing is the priority watershed  
22 requirement. In my area I may be a priority watershed.

23 I can see this will pit farmer against farmer.  
24 The farmers that aren't sitting in that watershed that are  
25 my neighbors will not have the advantage that I have.

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1           There's several others things. The quality  
2 criteria requirements, the base payment calculations.  
3 It's all been said, but I want to reiterate it's nice to  
4 see commodity groups and all other groups finally on the  
5 same side of an issue. Thank you.

6           MR. ALLEN: I'm Tony Allen, and I farm in  
7 southern Iowa, southern Union County. I have a few short  
8 points I'd like to reiterate.

9           Targeted watersheds, I'm not in favor of that.  
10 I think every farmer should qualify or be eligible to  
11 qualify, and the incentive -- It's not an incentive for  
12 50 cents to \$1.50 an acre. If your intent was to control  
13 costs, I think that's going ot work because by reducing  
14 the payment rates by 90 percent, you'll also reduce  
15 participation by 90 percent.

16           We had a comment that said corn and beans are  
17 not sustainable agriculture. I would say that when you  
18 combine them with livestock, it makes them sustainable.

19           That's all I have for today. Thank you for  
20 coming today.

21           MR. BROWN: Jeff Vonk and Bill Christianson. Is  
22 Bill here?

23           MR. VONK: I'll take his time.

24           I want to start by thanking the panel for coming  
25 to Des Moines and spending your afternoon and listening to

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1 this. Maybe it is surprising, but I add my sentiment to  
2 the two comments that have remarked on the unanimity that  
3 seems to be expressed here.

4 I would like to add the Iowa Department of  
5 Natural Resources to that list. I am the director of the  
6 Iowa Department of Natural Resources, and I would like to  
7 let the panel know that there have been great efforts made  
8 in the state of Iowa, both urban and rural, to improve our  
9 water quality, and yet, water quality concerns remain a  
10 high priority for us here in the state.

11 We look at this program as holding great hope,  
12 when combined with other conservation programs both state  
13 and federal, to continue to support our efforts to improve  
14 our waters in the state. For that to be successful, I  
15 would like to make five brief points.

16 The CSP rule needs to be supplemented to carry  
17 out the program as it was written in the 2002 Farm Bill.  
18 Rules are developed to carry out programs and should not  
19 be constantly changed based on a change of budgets.

20 Number two. The process appears, to me, to be  
21 very complex and burdensome on potential applicants, and  
22 it must be simplified if people are going to have real  
23 opportunity to participate.

24 For example, a proposed 13-step process requires  
25 the producer to, in part, complete a screening

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1 questionnaire, conduct a benchmark inventory, have a  
2 follow-up interview with an NRCS employee, be in the right  
3 watershed, and all of that before they can even begin to  
4 develop an application for the program.

5           Number three. All resource concerns should be  
6 eligible for the program. The law clearly identified that  
7 all resource concerns, as identified in the Field Office  
8 Technical Guide, should be eligible and has specifically  
9 identified wildlife as one of those concerns.

10           Number four. Program eligibility is way too  
11 restrictive under this rule, and it needs to be broadened.  
12 I find it a bit ironic that we were trying through law to  
13 a rule that envisioned a program where everyone would have  
14 an opportunity to participate and taken that to reduce  
15 eligibility to limited watersheds.

16           We had an EQIP program, as was remarked earlier,  
17 that was created and conducted to target and assist  
18 producers, among other things, to be in compliance and  
19 help them achieve compliance with regulatory programs.

20           It seems to me through this rule and through the  
21 changes in EQIP, we sort of flip-flopped on what the  
22 intent and purposes of both of these wonderful programs  
23 could potentially be.

24           Finally, I would like to add my support to  
25 changes in this rule that would allow more decisions to be

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1 made at the state and local level regarding the CSP  
2 program. I want to compliment the Iowa NRCS staff. I, as  
3 a former employee, saw technical committees in many  
4 states. The technical committee that LeRoy and his staff  
5 have created, with the support of producer groups in this  
6 state, is one of those committees that works the best  
7 anywhere in the country, and we ought to support that by  
8 allowing these kinds of decisions on programs like this to  
9 be made here in the state of Iowa. Thank you.

10 MR. DUNPHY: Mr. Brown, I understand from your  
11 prior direction at the beginning of the meeting that we're  
12 not to ask questions, but my concern, I guess, is about  
13 answers to questions maybe I can't get here today.

14 But given that -- First of all, my name is Ron  
15 Dunphy. I'm from Creston, Iowa. My 12-year-old grandson  
16 will be the sixth generation from my family that farms  
17 there. I am in charge of about 2,000 acres, which is half  
18 row crop, part of which is organic, and the other half is  
19 grassland in which I manage a cow herd that I own.

20 My concern is that as we redevelop rules, I'm  
21 concerned about who develops or rewrites the rules. If  
22 collectively we appoint a secretary and rewrite the rules  
23 today here, can we vote, and that's it? I'm serious about  
24 that. Who rewrites the rules? At your table there, would  
25 you raise your hand? How can we solve the problems

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1 that -- Thank you. There is one person who is going to  
2 rewrite. Mark, you'll get some communication, I would  
3 suggest, after today.

4 Part of -- All of our family, since it bought  
5 the farm in the 1800s, has had livestock on the farm. I'm  
6 a little bit more upset about CRP than I am encouraged by  
7 CSP.

8 We have wanted to expand our cow herd there for  
9 years, but now I'm in direct competition with the federal  
10 government offering rewards to people who abuse the  
11 farmland, got it in the CRP, and now it's not available to  
12 me to restore and graze cattle on.

13 So I see what Mr. Brown, you said, at the  
14 beginning; that this was to be a reward for producers and  
15 owners and good stewards. I would hope that is what comes  
16 about, Mark, from your rewrite of the rule, that this is a  
17 reward. I can see there can be some incentives there to  
18 somewhere down the road make the improvements, do the  
19 things that are necessary in 2004 and 2005, and reap a  
20 reward for having done it.

21 All I'm suggesting, as one of the farmers in  
22 this group, is not representing some other group, except I  
23 have a dairyman counterpart here, that we're here because  
24 we believe in what you're trying to do, want to influence  
25 how to make it better, but as a hunter and fisherman, I'll

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1 go to great lengths to do that. I've done it in the past  
2 and will do some more of that.

3 I just want to know who writes the rules, and  
4 maybe you can let me know later how can I hold each of you  
5 responsible to respond to what we've asked for? That's an  
6 issue for me.

7 My last suggestion would be: You asked for  
8 e-mail addresses. I would like to see that Power Point  
9 presentation forwarded to us. There was some additional  
10 information in it. Thank you for being here, and thank  
11 you for listening.

12 MR. BROWN: Next is Jerry Peckumn and Craig  
13 Swartz.

14 MR. PECKUMN: I'm Jerry Peckumn of Jefferson,  
15 Iowa. I appreciate you coming to Des Moines to have this  
16 discussion.

17 I operate a grain and livestock farm of 1800  
18 acres in southern Greene County. I have been involved in  
19 conservation for many years; however, short-term economic  
20 survival has many times prevented me from using more  
21 conservation methods in my farming operation.

22 Conservation sometimes requires new capital,  
23 more risk, and potentially less income preventing a  
24 long-term commitment to many conservation methods. This  
25 program should offer opportunity for land users to look

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1 further into the future when considering production  
2 methods by reducing the short-term financial risk.

3 They should be open to all the people that farm  
4 and use the land. This issue is so important to me that I  
5 am interested in seeing funds transferred from the direct  
6 payment program to the Conservation Security Program. I  
7 urge the department to draft rules that are more  
8 consistent with the law by allowing continuous sign-up and  
9 have payments for conservation of air, water, soil, and  
10 wildlife that reflect the farmer's costs and efforts of  
11 environmental stewardship.

12 Wildlife is a valuable asset that needs to be  
13 addressed in any overall conservation plan. Many farms  
14 have a portion of the cropland that would produce a better  
15 return by establishing wildlife habitat. As an outdoors  
16 person and a hunter, as well as a farmer, I know the value  
17 of wildlife and open area to all Americans.

18 I would urge you to consider a public access  
19 payment as part of this very important program. Thank  
20 you.

21 MR. SWARTZ: Good afternoon, and thank you very  
22 much for coming to Iowa. I'm Craig Swartz. I'm the  
23 executive director of Iowa Sportsman Federation, and I'm  
24 here today representing NRA, National Rifle Association,  
25 President Kayne Robinson. Many of you know he is from

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1 Iowa, and I'm also representing the roughly four and a  
2 quarter to four and a half million members of that  
3 organization.

4 I have been authorized to read a letter to  
5 Secretary Ann Veneman from President Robinson.

6 "Dear Secretary Veneman:

7 "NRA recognizes the contribution to our nation's  
8 resources provided through Farm Bill programs and  
9 appreciates the opportunity to comment on the CSP draft  
10 rule in the Iowa listening meeting.

11 "The NRA is vitally aware that Farm Bill  
12 programs contribute significant benefits to improving  
13 wildlife and hunting across the nation. For example,  
14 several states have engineered cooperative programs to  
15 provide landowners with additional opportunities to  
16 improve wildlife habitat in the CRP program. We are  
17 offering incentives through --" "through offering  
18 incentives to landowners who allow hunting access to lands  
19 enrolled in CRP.

20 "These access programs have generally been  
21 funded by state conservation agencies and augment  
22 significantly the value and support for programs like CRP  
23 across America.

24 "We believe that the draft rule unnecessarily  
25 restricts the original intent of CSP as signed by the

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1 President in May of 2002. The proposed rule neglects the  
2 value of fish and wildlife as a natural resource. We  
3 recommend that all tiers be required to address wildlife  
4 resources and that benefits be given to landowners who are  
5 willing to participate in a state-sponsored hunting access  
6 program. We recommend this provision be voluntary on the  
7 part of the landowner and a ranking or priority should be  
8 applied for landowners with additional payments received  
9 by those who participate.

10 "CSP is recognized nationally as an opportunity  
11 to reward landowners who participate and implement the  
12 very best in conservation practices on their farm.  
13 Likewise, hunters are cautiously optimistic that CSP will  
14 be a program that benefits them also.

15 "Sincerely, Kayne B. Robinson; National Rifle  
16 Association President."

17 I'd also like to extend an invitation to the  
18 various groups that are here. The National Rifle  
19 Association has embarked upon a tremendous increase in  
20 wildlife and hunting. That's Kayne Robinson's forte.

21 I would definitely encourage those groups or  
22 people from those groups to contact NRA. You can leave a  
23 card with me, or I can make that available to you. We  
24 have resources available too, so we'd like to make those  
25 available to you.

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1           Thank you for the opportunity to speak for Kayne  
2 Robinson and Iowa sportsmen. Thank you.

3           MR. BROWN: Next is Don Elsbernd and Roger  
4 Zylstra.

5           MR. ELSBERND: Thank you for this opportunity.  
6 My name is Don Elsbernd. I'm a farmer from Allamakee  
7 County in northeast Iowa. I am also a District 3 director  
8 to the Iowa Corn Growers Association.

9           Wearing my director hat, I wanted to say that  
10 we, as an organization, will be recommending to the U.S.  
11 House and Senate Ag Committees that they hold oversight  
12 hearings to discuss how the rule differs from the law as  
13 written.

14           Wearing my farmer hat, I want to echo many of  
15 the concerns previous speakers made, including eligibility  
16 requirements and payment reductions. I practice many  
17 conservation measures in my farm, including no-till crop  
18 farming and contour planting, to name a few.

19           Conservation is a top priority on my farm, and I  
20 constantly review ways to enhance the measures I currently  
21 employ. I'm excited about the CSP program because of the  
22 opportunities that it offers; however, I feel the proposed  
23 rules are too restrictive to allow me to participate.

24           I urge you as a panel to rewrite the rules to  
25 more accurately reflect the law. Doing this will put the

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1 teeth back into the program by including a broader base of  
2 producers and by providing meaningful incentives for  
3 producers who participate.

4 Reward the best; motivate the rest, to me, is a  
5 challenge, but to meet that challenge, I must be allowed  
6 to participate. Once again, thank you.

7 MR. ZYLSTRA: I'm Roger Zylstra. I'm a grain  
8 and livestock producer from Jasper County here in Iowa,  
9 and I took some time to come down here today to express  
10 some concerns about this. Most of the concerns have been  
11 expressed pretty adequately by many speakers before me.

12 The presentation that we saw before we started  
13 here had the sun rising and you telling us that a new day  
14 is starting in conservation, but it seems like with the  
15 rules it's the same old, same old, and that's a great  
16 concern to us.

17 I think that if we're serious about water and  
18 air quality, as many of us as producers are, I think it's  
19 time that that recognition comes to the forefront and that  
20 the funding is found to do these things so that we can  
21 really make progress in these areas. Thank you.

22 MR. BROWN: The next two will be Jim Munson and  
23 Doug Gronau.

24 MR. GRONAU: My name is Doug Gronau. I'm a  
25 farmer from Vail in west central Iowa, and I'm

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1 representing today the Iowa Farm Bureau Federation where I  
2 sit on the board of directors. Thank you for coming to  
3 Iowa today and listening to our comments about the CSP.

4 One item that I will briefly touch on that has  
5 barely been mentioned today is the length of contracts  
6 that you're presently requiring for CSP enrollment.  
7 You're talking about five years or ten years.

8 In Iowa half of the land that is farmed is  
9 rented ground. I know of very few situations, outside of  
10 those within a family, where land leases are able to be  
11 obtained for that length of a period of time.

12 If a farmer is 62, does that mean that he plans  
13 to retire when he's 65, and he is not eligible for the CSP  
14 because he won't farm the land long enough? This is going  
15 to affect farmers both large and small.

16 If a farmer is farming thousands of acres in  
17 three counties, yes, it affects him, because he doesn't  
18 know how long he's going to have that ground and if those  
19 long-term leases aren't available. But it affects that  
20 young farmer looking for his first farm from Old Fred  
21 right across the road because Old Fred doesn't know how  
22 long he's going to live and doesn't know if someone else  
23 will offer him more money in the future, so he's not  
24 willing to sign that long-term lease either.

25 So requiring leases on rental ground of that

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1 length will cause a severe hardship for Iowa, and I urge  
2 you to reconsider that portion of the rules as they exist  
3 now. Thank you.

4 MR. BROWN: Okay. Thank you.

5 One of the speakers made a comment about the  
6 Power Point presentation, and we will put that on our NRCS  
7 website, so you will be able to download that. So that  
8 will be available for any of you that want that  
9 information to provide at meetings or whatever, however  
10 you may want to use that.

11 I want to take this opportunity to thank the  
12 speakers. At the very beginning I commented about the  
13 time frame that we had, and I'm very, very pleased with  
14 the speakers that really stayed within those time frames,  
15 and I very much appreciate that. I know you had probably  
16 other information you could have related to us, and we do  
17 want that other information. If you provide it in some  
18 kind of written format to us, we'd very much appreciate  
19 getting that information.

20 You know, I think we got today just what we  
21 asked you for. We asked for comments, and I think you  
22 were open with the group and told us what you thought  
23 about the CSP program and the proposed rules, and we  
24 shouldn't want anything but the true feeling of the group,  
25 of what you all feel. That was the reason for this

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1 hearing, and I think we were very successful with that.

2 It's very important that all of you took the  
3 time to come out. I know you all are busy, and you all  
4 took the time to come out to be with us. I want to thank  
5 you all for that and very much appreciate it, and I would  
6 like to turn it over to Mark Rey for any additional  
7 comments he may have. Mark.

8 MR. REY: Let me add my thanks for all of your  
9 commentary and your wisdom and for being respectful of the  
10 time, if not the regulations you were commenting on.

11 In a previous life I was often a witness, so I  
12 know how hard it is to express one's thoughts into three  
13 minutes and try to get the most important things stated,  
14 but I did take five pages of notes from your remarks. And  
15 I think what I can take back from this is that you are all  
16 leaning against having us issue the regulations as they're  
17 presently drafted.

18 (Applause.)

19 MR. REY: What I know you'd like to hear is how  
20 we're going to respond to your comments, but we are in the  
21 middle of a public comment period. There are other  
22 sessions going on today, and there will be others later  
23 this month.

24 It's really unfair to start to talk about what  
25 we're going to do until we hear everybody's comments,

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1 including those that haven't been delivered yet, and until  
2 we have some time to think about them ourselves, but there  
3 are a couple things that I can leave you with.

4           First, as a matter of history, this program is  
5 exceptionally important to us, but it's also been  
6 exceptionally complex to try to come to grips with it and  
7 to implement it, and we've had probably a little more help  
8 from Congress than we need, since after they passed the  
9 legislation in 2002, the congressional budget office  
10 scored it later as costing significantly more than they  
11 had estimated it would cost when Congress passed it.  
12 That, in turn, resulted in the cap being put on in the  
13 fiscal year 2003 Omnibus Appropriations Bill, which was  
14 the baseline we used as we started to draft the program.

15           That now, as many of you have noticed, has  
16 changed, and the cap has been removed. And hopefully now  
17 Congress, having had three swings at it, will stop  
18 swinging their bat, and we can move forward.

19           But there is a new session of Congress, and  
20 nobody can predict exactly what will happen. But we will  
21 evaluate the latest statement of Congress as we decide how  
22 best to go forward.

23           We have a couple of options in how we proceed,  
24 and we'll be discussing those in terms of supplementing it  
25 or reproposing or doing an interim final rule. All of

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1 those are options that are available to us.

2           One concern I have is I don't want to diminish  
3 the importance of the 2004 program. Certainly, \$41  
4 million is not a great deal of money, but I think it's  
5 important that we get a start on this program in a way  
6 that is constructive and doesn't have it continuing on for  
7 another year in a state of flux, because as Congress does  
8 grapple with the budget problems they're going to be  
9 facing this year, that delay is going to strengthen the  
10 argument of people that say, "Let's take a little more  
11 money of CSP for the time being."

12           I don't think that's a good thing. I think that  
13 would betray the progress that we've made so far and your  
14 interest in seeing this program go forward.

15           So 2004 is more important symbolic than just the  
16 \$41 million that Congress has provided for implementation  
17 during 2004.

18           Another thought I leave you with is that simply  
19 because we have proposed as one option -- There are many  
20 others, but simply because we proposed as one option using  
21 priority watersheds doesn't mean that the program isn't  
22 national in scope. The priority watersheds are a way of  
23 deciding who goes first.

24           It will be impossible to implement this program  
25 in a way that every eligible producer can participate

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1       instantaneously the first day that the regulations are  
2       final. So we're going to have to find some way to set  
3       some priorities not as to who's in or who's out but rather  
4       what gets done first, what gets done second, what gets  
5       done third.

6                So as you think about what you've heard today,  
7       if you have some further insights as to how we might do  
8       that better or in a fashion that's more acceptable to you  
9       than using priority watersheds, those would be helpful  
10      comments to have between now and the end of the comment  
11      period on March 2nd.

12               With that, I again want to thank you for all of  
13      your comments. As I said, I have five pages of notes.  
14      These are very helpful sessions for us because we can go  
15      back and reflect on what we've heard and try to find areas  
16      where we know improvements are needed and there's broad  
17      support for changes that need to be made.

18               Thank you very much.

19               (Applause.)

20               MR. BROWN: Thank you. We are adjourned.

21               (Proceedings concluded at 3:53 p.m.)

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C E R T I F I C A T E

I, the undersigned, a Certified Shorthand Reporter of the State of Iowa, do hereby certify that I acted as the official court reporter at the hearing in the above-entitled matter at the time and place indicated.

That I took in shorthand all of the proceedings had at the said time and place and that said shorthand notes were reduced to typewriting under my direction and supervision, and that the foregoing typewritten pages are a full and complete transcript of the shorthand notes so taken.

Dated at Des Moines, Iowa, this 18th day of February, 2004.

CERTIFIED SHORTHAND REPORTER

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