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February 27, 2004

Conservation Operation Division  
Natural Resources Conservation Service  
P.O. Box 2890  
Washington D.C. 20013-2890  
e-mail [david.mckay@usda.gov](mailto:david.mckay@usda.gov)

Attention: Conservation Security Program

Dear Mr. McKay:

The Texas Farm Bureau appreciates the opportunity to comment on the proposed regulations implementing the Conservation Security Program (CSP). Our organization represents over 300,000 member families in Texas. We believe CSP can become the nation's most efficient and effective program for rewarding producers for their environmental performance. CSP provides a policy framework that provides incentives for the nation's environmental goals and objectives without heavy and burdensome regulations. This program provides an avenue to enhance both the nation's agricultural productivity and environmental amenities. CSP should also provide USDA with a unique opportunity to establish policies that benefit the environment while helping to ensure that agricultural producers receive assistance to defray the cost of environmental regulation.

Our organization is disappointed with many of the proposals that are included in the regulations of the CSP program and believe it is not being implemented as was intended by the authors in the Senate Agriculture Committee. Their intent was to "Reward producers that are doing conservation measures and encourage others to do like wise". The United States Department of Agriculture (USDA) through the Natural Resource Conservation Service (NRCS) has changed the focus to "Reward the best and motivate the rest. The focus of the incentives is now on the practices that are enhanced above their benchmark level of conservation. In an effort to control cost, this program provides financial incentive for individuals to take the time and effort to participate. Farm Bureau members were expecting a proposal that would assist and rewarded farming and ranching operations for environmental conservation. We encourage NRCS to make significant changes to this proposal before it becomes final. We will further comment in detail on some of the specific points of the program that are of concern.

**Funding criteria:**

The legislation designated the CSP as an entitlement program to reward conservation efforts and to encourage the long-term maintenance of these practices. The program should be uncapped and fully funded. Reduced funding levels create many unnecessary obstacles by limiting participation and create a program that is difficult to expand in an equitable manner if increased funds become available.

In NRCS' effort to reduce expenditures and expand the program as far as possible, they have reduced the monetary incentives with expectation that the number of contracts would be increased. This concept would compare to setting the maximum cost share rate in the Environmental Quality Incentives Program (EOIP) at 10% to increase the number of participants. In both situations, the result could be less participation, as the incentives are far too small for the amount of government requirements. Throughout the proposed rules, NRCS proposes to require higher levels of performance and stricter eligibility requirements. The agency must realize that the incentives were to reward and encourage participation; however, the incentives under this proposal will likely be at a level that will not be a benefit for the producer and will not achieve the desired level of conservation as intended.

**Section 1470.5 eligibility requirements and selection of priority watersheds:**

This section is of particular concern because it excludes a majority of farmers and ranchers from having the opportunity to participate. It is also stated in the proposal that additional eligibility criteria and contract requirements may be included at CSP signup. The proposed eligibility requirements are already more strict than the law requires and we encourage you to delete the proposal allowing additional criteria.

*Ownership and control:* Requires the participant to have control of the land for the life of the proposed contract. This is unworkable and in many cases unobtainable. A majority of all lease agreements are on an annual basis, with a few on three-year contracts. Rental payments would be discontinued if the producer loses control prior to the end of the contract period.

*Priority Watershed:* The use of priority watersheds for reducing participation creates several problems. It eliminates the participation of many producers that are currently carrying out many successful conservation practices throughout the nation. Many of these producers are already making conservation a priority at their own expense. The use of selected priority watersheds also presents an opportunity for undue political influence. There are many conservation practices that are providing excellent results and environmental benefits that will be excluded through this selection process.

"Entire operation" used as an eligibility qualification in Tier II and III is also a concern. It discourages participation from most production agriculture. Use of these criteria tailors the program to small, weekend, and part-time operations. Producers with an operation

large enough to generate a full time source of income could have multiple entities and farm units. For example, many of our members have as many as 20 to 25 different farm units that have different owners and many times are not in contiguous locations. One producer in central Texas has 51 different farm units in his operation. This criteria is almost impossible to achieve. Restructuring the guidelines to allow a single farm unit to qualify for the upper tiers will encourage participation and the cost will be less than the amounts for higher tiers for the entire operation.

**Section 1470.23 Base funding criteria:**

Another means to control cost that discourages participation is the percentage of funds available for base funding. For example, the grassland rental rate used in Texas for this program is \$7.20 per acre. As indicated by the regulations, Tier I is 5% of the rental rate; resulting in a 36 cents per acre base payment. Then, with an additional 10% reduction of the base payment (3.6 cents) as indicated in the proposed rules, the base payment will be **32.4 cents per acre**. How could that ever be considered as an incentive for participation? We encourage you to increase the base funding to the maximum allowable in the law.

**Section 1470.5 Contract requirements; Tier criteria:**

The change of criteria for Tier I and II exceed the language included in the farm bill legislation. In the legislation, Tier I required addressing 1 resource concern on a part of the operation. NRCS proposes an increase to 2 resource concerns. The legislative Tier II requirement was to address that same resource concern on the entire operation. NRCS proposes for Tier II to continue the 2 recourse concerns in the Tier I requirement and add an additional resource concern during the life of the contract. In an effort to reduce participation, USDA is requiring far too much for the proposed incentives

**Section 1470.7(a) Benchmark criteria:**

The use of a "benchmark" to establish criteria for program participation is too vague and could eliminate many established practices that are currently in use. In presentations by NRCS, it has been stated that practices like minimum-till or conservation till that effectively control erosion and improve water quality would not be considered if it is determined that the practice is the "norm" for the area. If the practice is effectively addressing the resource concern, it should qualify for consideration regardless. The benchmark should be established as if these practices were not in effect. The use of a benchmark set high in regard to the potential for improvement, unfairly favors a producer that has no established conservation practices and will have a low benchmark. This type of producer can easily show improvements and unfairly penalizes producers who have established conservation programs.

**Section 1470.8(a)(1) Enhanced practices eligible for CSP payments:**

NRCS can greatly simplify the implementation of this program by establishing a "list" of approved conservation practices and intensive management activities eligible for CSP payments. By doing so, participants will be able to understand both the practices and the management

activities CSP seeks to have implemented on the landscape. It will provide an easily understood and clearly identified payment for developing, incorporating and maintaining such practices in the plans for the participants. This simple operational approach would provide a clear road map for individuals wishing to receive conservation and environment incentives in exchange for implementing and maintaining clearly identified conservation practices and management activities.

Our organization worked with the Congress in the development of the CSP program because it brought new focus to obtaining conservation and environmental goals for our country. CSP was to reward those that see the importance of conservation and provide incentives to fund ongoing practices. It was to also encourage others to become more conservation minded. The NRCS would, through these proposed regulations, modify the program to focus primarily on enhanced practices and would reduce the incentive payments to a level that will encourage only a few. We encourage NRCS to make the necessary changes that will make this a successful program and result in significant conservation benefits.

Again, I appreciate the opportunity to comment on this important conservation program.

Sincerely,



George Caldwell  
Associate, Director, Commodity /Regulatory Activities

GC:dp



# Plains Cotton Growers, Inc.

746

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Lubbock, Texas 79414  
Phone: 806-792-4904  
Fax: 806-792-4906

March 2, 2004

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

Dear Sir:

On behalf of the membership of Plains Cotton Growers, Inc., I submit the following comments regarding implementation of the Conservation Security Program (CSP) as provided for in the Food Security and Rural Investment Act of 2002. Plains Cotton Growers represents cotton producers in the High Plains production region of Texas. This area plants, on average, 3.5 million acres of cotton annually and produces approximately 60 percent of the cotton grown in Texas and 15 percent of the cotton produced in the U.S. each year. Our area's high level of productivity is maintained through a mixture of determination and adaptability and is heavily reliant on good stewardship of our air, water and soil resources.

PCG was an early proponent of the Conservation Security Program and has followed its development closely. Our support of the program stems from a belief we share with its creators - that good stewardship is too often underappreciated and unrewarded. The CSP is a significant step toward rewarding those who are currently doing more in the realm of soil and water conservation. We look forward to the program becoming an effective tool that can encourage a higher level of conservation activity on agricultural land. We commend the NRCS for their efforts to date to develop the proposed rule. Writing rules to implement a completely new program is a vast undertaking. We also commend the agency's efforts to deal with the funding challenges that have been placed on the program.

The following comments deal with specific items within the proposed rule that we believe must be addressed so the program can realize its stated conservation policy goals.

### Program Prioritization

With the imposition of an arbitrary funding cap on the initial CSP program it is important that a fair and equitable methodology be implemented to allow economically meaningful participation from as many producers as possible. PCG would prefer that any producer, anywhere be allowed to sign-up and compete head-to-head for CSP program dollars. The agency's decision to use previously defined watersheds as a means of targeting smaller geographic areas precludes this possibility. We are, therefore, concerned that the agency's decision to offer CSP only to producers in designated watersheds will not provide the desirable effect of addressing a wide range of resource concerns and will too narrowly focus limited program funds. It is important that the initial program be used to demonstrate the many areas and methods of conservation that can be rewarded through the CSP.



SUPPORTER OF COTTON INCORPORATED

### Definition of Agricultural Operation:

For purposes of the CSP the definition of an "agricultural operation" should mirror the definition used by the Farm Service Agency to define an eligible operation for other programs. This change will encourage a uniform process for identifying eligible agricultural operations across programs; not unnecessarily restrict the opportunity for commercial-sized operations to participate; and maintain the ability of a tenant to work with multiple landowners within the CSP the way they do in other USDA programs.

### CSP Contracts and Control of an Operation

We are equally concerned about the proposed eligibility requirement that states the applicant must have control of the land for the life of the CSP contract. On the Texas High Plains, and in many other areas, farm rental arrangements are typically set up on an annual basis. This type of arrangement will become even more common as landowners and operators work within the annual signup requirements of the current farm bill. We believe that on the Texas High Plains it is unlikely a tenant can reasonably ensure that they will have control of rented land for the entire contract period at the time of application. Requiring an operator to demonstrate full control of rented land for the entire contract period at the time of application could severely limit the ability of commercial-size tenant operators to participate. PCG suggests that eligibility provisions be included that allow a producer to remain program eligible when they take on or drop rental agreements in the course of doing business. We encourage the agency to work with the agriculture industry to determine the best way to deal with these situations.

### Funding Priorities

With the limited funding initially available to the program, the need to deliver the biggest bang for the buck is critical. We suggest that the agency rethink, however, the decision to minimize the amount of CSP benefits paid through the base payment across all Tiers. Early program participants are likely to be those that have already initiated a significant amount of conservation on their operations. We believe that base payments for Tier I, II and III contracts should reflect the maximum payment rate allowed by law. As currently proposed, early program applicants might decide that the CSP does not provide enough reward for basic conservation practices and possibly discourage them from participating and working to achieve higher program benefits through implementation of additional practices.

PCG also concurs with the position of the National Cotton Council that prioritizing the available funding is best accomplished by giving funding priority to Tier I and Tier II applications. We agree that participation of Tier III farms is certainly desirable; the reality is that it will be difficult for a majority of operations to qualify under the rigid requirements set for this level. It is more important in our view that a higher number of Tier I and Tier II contracts be initiated and operations started down the road to achieving Tier III status.

### Technical Assistance and Training

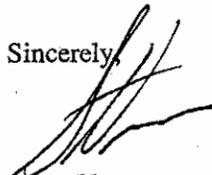
One area of concern in regard to the development of CSP contracts and the process for screening eligible operations is the significant level of assistance that will need to be available to producers at every stage. We are concerned that current NRCS staff will soon find themselves overwhelmed at the amount of one on one support this program will require them to provide. We encourage the agency to maximize lines of communication between NRCS and Farm Service Agency personnel and to standardize eligibility and enrollment practices with other USDA programs to facilitate the enrollment process. We also encourage the agency to fully utilize third-party technical providers as allowed by law.

PCG suggests that prior to the opening of the sign-up period, NRCS should conduct nationwide training sessions, including areas that might not be involved in the initial sign-up. This training process should include NRCS staff, third-party technical resource providers and commodity organizations. We also suggest that third-party technical providers meet predetermined qualification standards and that they be given adequate authority to assist producers through the application process.

In conclusion, PCG continues to support the CSP as a program that can be an effective tool to encourage additional conservation and enhanced environmental stewardship on agricultural lands. We encourage the agency to continue to work closely with the agricultural industry to further refine the program's structure and to look at other programs within USDA for ways to standardize complex administrative and eligibility requirements. Doing so will allow the program to get off to a quick and successful start.

Thank you for the opportunity to provide these comments and we look forward to further collaboration in this regard.

Sincerely,



Steve Verett  
Executive Vice President