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From: CraigH@nefb.org
Sent: Tuesday, October 05, 2004 3:05 PM
To: FarmBillRules
Subject: Attn: Conservation Security Program

Attachments: InterimRulecomments100104.doc



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Please disregard the previous e-mail sent by the Nebraska Farm Bureau offering comment on the Conservation Security Program.

Attached please find NFBF's corrected comments on the Conservation Security Program; Interim Final Rule and Notice.

(See attached file: InterimRulecomments100104.doc)

Please contact NFBF's Craig Head at 402/421-4435 with questions.

October 1, 2004

Financial Assistance Programs Division
Natural Resources Conservation Service
P.O. Box 2890
Washington, DC 20013

To Whom It May Concern,

I am writing on behalf of the Nebraska Farm Bureau Federation (NFBF) to offer comment on the Conservation Security Program (CSP); Interim Final Rule and Notice as published in the June 21, 2004 Federal Register.

The Nebraska Farm Bureau Federation (NFBF) is Nebraska's largest general farming organization representing more than 58,000 member families across the state of Nebraska. Our farming and ranching members produce a wide variety of agricultural commodities and have a proven track record of working towards a higher standard of environmental stewardship through participation in voluntary conservation programs.

The selection of the Little Blue River watershed in Nebraska as one of the 18 initial CSP project areas has provided NFBF a unique opportunity to observe the program from inception and to identify areas where the program has been successful, as well as those areas warranting further consideration as NRCS looks to expand the CSP program in the future.

In our initial comments to NRCS we expressed concern over a number of provisions related to CSP eligibility that we felt would exclude a large number of Nebraska farmers and ranchers from ever qualifying for the CSP program and also discourage those eligible from participating. We are pleased NRCS opted to eliminate one of those provisions noted, specifically the requirement that lands not under control of the operator be maintained at the same level of contract acres even though they are not eligible for CSP payment. This change is a major improvement that we believe was warranted.

In all, we received favorable comments from Farm Bureau members who actively

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participated in the CSP pilot program in Nebraska. There are, however, some areas that are still of concern including provisions for producers having to demonstrate "control" over program acres through assurances from all landowners as well as general concern as to whether the program eligibility standards are too high in turn preventing broad program participation amongst producers.

As referenced in our previous comments, many of today's agricultural producers are not likely to own all of the agricultural land they farm and often times they will have a number of landlords that assist in decision making for the operation. NRCS has indicated that it will accept letters from landowners of their intentions to maintain the producer/tenant for the life of the CSP contract as an acceptable way of the tenant demonstrating "control" over lands in the operation. As we anticipated, the burden put on the producer to secure those letters generated considerable heartburn and in some cases prevented producers from participating in the initial CSP sign-up. While we understand NRCS has tried to clarify these letters of control are not legally binding documents upon the landowner to maintain the tenant for the life of the contract, the reality is they still raise red flags for landowners to the detriment of producer participation in the program. We encourage NRCS to use other means for purposes of an applicant demonstrating "control". A statement from the producer indicating to the best of their knowledge that they would continue to be farming CSP enrolled ground would appear to be a simple remedy. The burden would still be on the producer to make contact with the landlord, but eliminate any type of written documentation on behalf of the landowner.

Other issues we raised initially were concerns the base payment under CSP would be too low to entice participation and that the minimum stewardship eligibility requirements could be a barrier to participation. This was borne out to a certain degree as it is our understanding that Nebraska NRCS contacted 300 plus producers about participation in the CSP pilot program, but of those contacts, only 70 CSP contracts were signed (roughly 23 percent). For whatever reason, a number of producers who were notified and informed about the program either chose not to participate or were not eligible.

The base payment and maintenance payment together for Tier I dryland for the CSP pilot in Nebraska equated to 99 cents an acre. The low base/maintenance payment might explain why at first glance a number of producers chose not to further seek CSP participation. While we know now that a majority of the producers who ended up signing CSP contracts (especially those practicing no-till) hit the acre limit caps through the CSP enhancement payment (indicating that a low base payment does not directly reflect the financial benefit of enrollment) it still raises the issue as to whether a higher percentage of the overall payment should be allocated to the base payment for purposes of enticing participation. In the dryland example, the base and maintenance payment accounted for just 10 percent of the overall acre cap. We encourage NRCS to consider raising the base/maintenance portion of the CSP payments to a higher percentage level of the total acre payment to encourage participation.

NRCS' CSP motto has been to "reward the best and motivate the rest". While the program's first objective of rewarding the best appears to have been met in the Nebraska pilot, the motivation or incentive for the rest is less certain. It is our understanding NRCS is contemplating to rotate future CSP sign-ups by region or watershed throughout the remainder of the life of the farm bill, ultimately limiting producers to a one-time sign up opportunity. Given this approach, it would make it unlikely at best that producers who do not currently meet CSP eligibility requirements will ever participate in this Farm Bill's version of CSP. It is apparent NRCS expects the Environmental Quality Incentives Program (EQIP) and other existing conservation programs to be the tools to aid non-eligible producers in reaching the minimum CSP eligibility levels. However, limiting producers to a one-time sign-up opportunity will diminish the effectiveness of EQIP or any other programs in aiding producers needing to make improvements. If NRCS goes this route, it would appear the "motivation" for producer's whose operations don't meet eligibility requirements at the point in time of sign-up would be to hope CSP is continued in the next farm bill rather than any type of expectation for participation in the current farm bill CSP program.

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One final area for consideration is the need to allow for the extension of CSP contracts for producers who entered the CSP program at Tier I but gradually elevate conservation to a Tier II level. Currently, Tier I contracts are limited to 5-years, while Tier II and Tier III level participants are eligible to qualify for 5-10 year contracts. We highly encourage NRCS to allow producers who achieve a higher standard of conservation and are eligible to jump from Tier I to Tier II to be able to extend the life of their CSP contract beyond the five-year limitation, which would reward them financially for their conservation efforts.

In conclusion, we appreciate the opportunity to provide comment on the Conservation Security Program; Interim Final Rule and Notice. We believe CSP represents an opportunity to move forward with a new and innovative conservation program that will provide many opportunities for farmers and ranchers to achieve broader conservation goals on working agricultural lands.

We thank you for your consideration and attention to these comments.

Sincerely,

Keith R. Olsen
President

cc: Steve Chick, Nebraska NRCS
Don Parrish, American Farm Bureau Federation