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USDA-NATURAL RESOURCES CONSERVATION SERVICE

CONSERVATION SECURITY PROGRAM  
LISTENING SESSION

INN OF THE HILLS  
KERRVILLE, TEXAS

JANUARY 21, 2004  
10:00 a.m. - 1:00 p.m.

PROCEEDINGS

1                   DR. BUTLER: Good morning. My name is  
2 Larry Butler. I am the state conservationist for the  
3 Natural Resources Conservation Service here in Texas,  
4 and I would like to welcome all of you here today to  
5 this listening forum. This is being held by the U.S.  
6 Department of Agriculture for the purpose to receive  
7 comments on the proposed rule on the Conservation  
8 Security Program.

9                   We're really pleased that Texas was  
10 chosen as one of the ten listening sites throughout  
11 the nation, and I'm glad to be here in Kerrville  
12 today, and I'm also glad that many of you are here to  
13 voice your opinions and your views upon this program.  
14 I know that there may be some members from the media  
15 here today that did not have the media pack. If you  
16 don't have one, please see Harold Bryant -- this is  
17 Harold here with the camera, our public affairs  
18 specialist -- before you leave. He can provide you  
19 with a media packet.

20                   Just a little background, the proposed  
21 rule for the Conservation Security Program was  
22 published in the Federal Register on January the 2nd.  
23 The comment period runs until March the 2nd. So  
24 you'll have a chance to prepare and submit other  
25 comments before the deadline, so today is not your

1 only chance to provide comments. The proposed rule is  
2 just that, a proposal. We need your comments to come  
3 up with the best possible program. We'll consider all  
4 the comments that are made here today as we modify the  
5 proposed rule to come up with a program that meets the  
6 needs of the agricultural community and all over  
7 America.

8                   There will be a chance to place written  
9 comments in the box here at the front, and those of  
10 you that wish to speak, you needed to have filled out  
11 a card and checked the yes box on that card and turned  
12 that in, and I have a few. Some of you that said no  
13 may change your mind. If you change your mind, that's  
14 fine. Just go back out front, fill out another card,  
15 just your name. That's all we need because they have  
16 already got the other one. Check yes on it. Change  
17 it to yes or no and get that card to me.

18                   With us today are a number of USDA  
19 officials who joined us here to hear firsthand your  
20 comments about this proposed rule. I would like at  
21 this time to introduce them. Here to my left is  
22 Dr. Mack Gray. Dr. Gray is assistant deputy under  
23 secretary for natural resources and environment.  
24 Happy to have him here today listening. Seated next  
25 to him is Charles Whitmore. He is an acting regional

1 conservationist for the south central region for the  
2 NRCS. Next to him is Larry Clark. Larry is a deputy  
3 chief for science and technology out of Washington,  
4 D.C. Seated next to him is David McKay, who you will  
5 hear from in a few moments about the -- you will hear  
6 a presentation about the Conservation Security  
7 Program.

8 Over on my right is Bryan Daniel, the  
9 state director for development here in Texas. And on  
10 the other side of him is Juan Garcia, who is acting  
11 for John Houston, the state director of farm services  
12 agency here in Texas.

13 We're happy to have all our panel here  
14 today. It is a listening panel and this panel will  
15 listen. They will not answer any questions at this  
16 time. They will be listening to your concerns, is the  
17 purpose of business, to carry those concerns back.  
18 David McKay will make a presentation here in a few  
19 moments after Dr. Gray speaks, and he'll be able to  
20 answer any technical questions that you see from the  
21 presentation, just the technical questions only.

22 Just a little bit of housekeeping.  
23 Federal Register said we were going to run from  
24 10 a.m. to 1 p.m., so we will be here that entire time  
25 to listen. If other folks come in, we'll be

1 available. We will not take any breaks until 1 p.m.,  
2 when we adjourn. We will start with brief opening  
3 remarks from Dr. Gray. We'll follow that with a brief  
4 overview of the Conservation Security Program  
5 presented by David McKay, and then we will spend the  
6 rest of the time listening to your comments.

7                   Those of you that -- for a little more  
8 housekeeping, there's rest rooms at the far end of the  
9 hall that direction, and there are some others just  
10 around the corner out the door here. We have some  
11 handouts located on the table out in the hall, some  
12 specific fact sheets on the Conservation Security  
13 Program, as well as some other information on the Farm  
14 Bill in general and some of the other programs.

15                   This proposed rule is also available on  
16 the NRCS home page, and for those of you that would  
17 like to jot down that address, it's [www.nrcs.usda.gov](http://www.nrcs.usda.gov).  
18 And once you're there, select Farm Bill. Click on  
19 that, and it will guide you to the CSP portion.

20                   So at this point in our agenda I would  
21 like to introduce Dr. Mack Gray. As I said, he is the  
22 assistant deputy under secretary for agriculture in  
23 the natural resources and environment, and he is down  
24 from Washington. He is originally from Texas, and  
25 we're glad to have him back in Texas to make a few

1 comments this morning and participate in the listening  
2 panel. So with that help me welcome Secretary Gray.

3 DR. GRAY: Thank you, Larry. It's good  
4 to be back in my home state. I haven't been to  
5 Kerrville since I was a kid, but it's good to see  
6 Kerrville again. I'll guarantee you Kerrville changed  
7 a lot since the late 1950s, early 1960s to today. But  
8 it's still good to see it and it's good to be here.  
9 Larry made you-all a commitment that I'm going to let  
10 him keep, and that is the commitment that he said he  
11 wouldn't take a break between now and 10:00. I'm not  
12 committing myself to his commitment. I'll make you  
13 aware of that.

14 The reason we're here today is NRCS is  
15 going to sponsor 10 to 12 -- 10 I think right now is  
16 in the regular schedule -- listening conferences  
17 around the country to give folks a chance to come in  
18 and give us their comments in person on the proposed  
19 rule for the Conservation Security Program. But Larry  
20 also said that you can make written comments, and  
21 there is going to be a lot of written comments. There  
22 is no question in my mind we are going to get a lot of  
23 comments on this program. This is the last program of  
24 the conservation type that we are getting rules out  
25 of -- out on in terms that are a major program. We

1 have got a couple small programs yet that we still  
2 haven't got the rules out, but in terms of large  
3 programs that could attract large numbers of  
4 producers, this is the last one we're getting rule out  
5 on.

6                   We're glad to have a proposed rule out.  
7 We anticipate a lot of comments. After the 2nd of  
8 March when we get the comments in and we are open for  
9 60 days on comment period, we will then start taking a  
10 look at those in terms of how can we incorporate  
11 people's comments into the final rule. And then we'll  
12 take a look at that and we'll try to get a final rule  
13 out as soon as possible after that because we cannot  
14 start implementing a program until we do get the final  
15 rule out, so we would like to as soon as possible  
16 after that, as long as we're sure we have made the  
17 comments -- made the changes that need to be made as a  
18 result of the comment period, we would like to get  
19 that done as soon as possible.

20                   And it's good to see folks here today.  
21 There is a fellow sitting back there I worked for a  
22 lot of years, more years than he and I, either one,  
23 would like to bring up publicly, but Jim Abbott.  
24 James was area conservationist in Lubbock, and I  
25 transferred from Kennedy, Texas, to Levelland, Texas,

1 in his area, James, around the 1st of December 1958.  
2 That begins to tell how old you and I are. And  
3 remember he was the boss, so he was older.

4                   Bryan, it's good to see you. Bryan, if  
5 I am remembering correctly, you were on the house ag  
6 committee staff. I would like for you to know that my  
7 office partner, Dave Tinney, is still doing well. He  
8 and his family are doing well.

9                   And so without any further words I would  
10 like to welcome everybody here, and we would like to  
11 have your input into this program. Thanks very much.

12                   DR. BUTLER: As I mentioned in my  
13 opening remarks, we have David McKay here with us  
14 today. He is the national conservation planning team  
15 leader from our offices and our headquarters in  
16 Washington, D.C. David is going to present a  
17 PowerPoint presentation as an overview of the  
18 Conservation Security Program, so as we get through  
19 this I think we'll have just a couple of minutes after  
20 his presentation for any questions about the  
21 presentation. I don't expect that we're going to get  
22 into any details on the answering of anything because  
23 we are still under the proposed rule, but if you see  
24 something there you want to go back through and take a  
25 look at or you missed, jot it down and we will have a

1 few minutes to do that at the end of the presentation.

2 So with that, David, it's all yours.

3 MR. MCKAY: Thanks, Larry. It's good to  
4 be back home, as well. I grew up in Texas just north  
5 of here in the panhandle near Amarillo, had a little  
6 bit of experience in South Texas, as well, and many of  
7 you in this room I have worked with from time to time.  
8 It's good to see old friends and rekindle some of  
9 those relationships.

10 I want to also welcome everybody that's  
11 here for this listening session, and I will go briefly  
12 through some of the guidelines and some of the  
13 proposals within the Conservation Security proposed  
14 rule. Like Larry said, if you do have some technical  
15 questions, I will do my best to answer those. If not,  
16 we'll take your name and get you an answer for any  
17 question that you may have.

18 Conservation Security Program is really  
19 a new day in conservation. We're going to do hand  
20 signals here with the -- with our technical person.  
21 It's like no other conservation program that NRCS or  
22 really Department of Agriculture has ever put in the  
23 field. We're going to, through Conservation Security  
24 Program, recognize the environmental stewardship and  
25 historic conservation that's been applied to the land,

1 and that really changes the way that we're doing  
2 business in the conservation program.

3           We will help producers maintain the  
4 conservation that they have on the ground, as well, by  
5 recognizing these producers that have historically  
6 done their conservation work and many times without  
7 participating in other conservation programs, and we  
8 provide a lot of environmental benefits to the society  
9 as a whole as well as producers. CSP will also  
10 provide some strong incentives for people who want to  
11 emulate or follow that example. In the words of  
12 Secretary Veneman, our whole philosophy for the  
13 program for CSP is to reward the best and motivate the  
14 rest.

15           We will begin in the program by looking  
16 at where a person is in terms of their conservation on  
17 the ground. We want to look at, you know, their past  
18 treatment and, you know, the condition of their soil,  
19 condition for organic matter, how they have dealt with  
20 nutrients and pesticides in terms of water quality,  
21 and other resource concerns, as well. From that  
22 benchmark condition, then, we will look at applying  
23 practices and activities that will help us really  
24 achieve environmental benefits in terms of  
25 on-the-ground application of additional conservation

1 measures. We want to improve CSP to really improve  
2 the types of resources that we're dealing with.

3           The biggest question to date with CSP  
4 has been in terms of funding. Funding obviously will  
5 limit the amount of producers that we can bring into  
6 the program. Many of you will recognize or understand  
7 that the way the original statute was passed, it was  
8 put out as an entitlement program. There was no cap  
9 for the program. And that in itself can be a  
10 two-edged sword, how much money can you put into a  
11 program that's an entitlement without being  
12 detrimental to other parts of the conservation  
13 toolbox, so to speak, or how do you put enough money  
14 into a program to get the kinds of resource concern  
15 treatment that we need to without really jeopardizing  
16 what we have done in other parts of the agricultural  
17 program.

18           The -- in terms of where we are with  
19 budgeting, we focused a proposed rule with the 2003  
20 omnibus bill that -- from last year, so in terms of  
21 where we are legally or in terms of how we're working  
22 with funding for the program, the 2003 omnibus puts a  
23 cap of \$3.773 billion on the program for the period  
24 2003-2013. It did not give an annual outlay for the  
25 program, just a cap overall for the program.

1                   The way that works is that in terms of  
2 an entitlement it still comes down to the fact that if  
3 you qualify you get paid. So we begin to look at  
4 potential numbers of individuals that can qualify for  
5 the program and begin to look at your potential base  
6 for participation in terms of balancing those  
7 participants with the available funds. And in terms  
8 of the potential participants, we have approximately  
9 1.8 million potential participants for CSP. In  
10 realistic terms if we were to narrow that down to  
11 500,000 people nationwide, which is not that many if  
12 you divide that out by 3,000 districts or counties, we  
13 spend about an hour and 15 minutes with each person.  
14 If they did all their prework and brought in their  
15 documents, we spend about an hour and 15 or 20 minutes  
16 with them, it would cost us \$43 million in technical  
17 assistance, to give you some, you know, relationship  
18 between funding and scope of the program. Okay. So  
19 it's very important that you understand that. There  
20 are stipulations within the statute that require that  
21 we cannot exceed 15 percent of the total program funds  
22 for technical assistance. So in terms of that  
23 \$3.773 billion, only 15 percent of that would be for  
24 technical assistance. Many of you are to recognize  
25 that in the 2004 omnibus language they removed that

1 cap and placed an annual appropriation of  
2 \$41.3 million. That means that within that year we  
3 could not exceed 15 percent of that in technical  
4 assistance, around \$6 million. I have to kind of get  
5 you through that understanding so you can kind of  
6 understand then what we are trying to do with the  
7 program in terms of being able to funnel and phase the  
8 program so we can balance that financial assistance  
9 and technical assistance and potential participation.

10                   You look at basic eligibility  
11 requirements first. This program is targeted toward  
12 privately owned land or tribal land, the majority of  
13 which will be within a priority watershed. That's one  
14 of the proposals within the program, and we will get  
15 into that in a little more detail later. The second  
16 is that the applicant by statute must be in compliance  
17 with the HEL and wetland provisions of the '85 Food  
18 Security Act and its amendment. According to our  
19 proposal or actually by statute, that person must have  
20 an active interest in the operation. In other words,  
21 they must share in the risk of the operation, be  
22 entitled to a share of the production. What that does  
23 by statute, it relieves a cash rent landlord from  
24 getting assistance. A cash rent landlord can't sign  
25 up for this program because of the way the statute is



1 is a couple of things that need to be considered. One  
2 is that, as I said before, by statute a producer means  
3 that you are an owner, operator, sharecropper, tenant,  
4 or landlord that shares in the risk producing any crop  
5 or livestock and is entitled to share in the crop or  
6 livestock available for marketing from a farm. Like I  
7 said before, that's statutory language. That's what's  
8 excluding your cash rent landlord.

9                   Another definition and it's very  
10 important to CSP is the definition of an ag operation.  
11 It's mentioned about 14 times in the statute without  
12 any definition, but it is critical in determining what  
13 tier a person is involved in and the level of  
14 treatment that's being applied to the ag operation.

15                   In terms of our proposal, we have  
16 proposed to define ag operation meaning all  
17 agricultural and other lands -- you need to understand  
18 that other lands will be included in that --

19 determined by the chief, whether they are contiguous  
20 or noncontiguous, under the control of the participant  
21 and constituting a cohesive management unit, where  
22 that participant provides active personal management  
23 of the operation on the date of enrollment.

24                   Now, what that kind of targets now is  
25 the individual that's making the day-to-day decisions

1 on conservation. They are the persons that are  
2 determining when to plant, when to harvest out, when  
3 to move the cattle, when to sell the cattle, what kind  
4 of drought plans that you are going to have, the  
5 person actually making those day-to-day decisions.

6           There is a couple of reasons for that in  
7 terms of focus for the program. A lot of the other  
8 conservation programs are remedial in nature. I've  
9 got gully. I go sign up for EQIP or whatever. I  
10 treat the gully and then I'm done. In terms of the  
11 Conservation Security Program, much of the  
12 conservation can be achieved through this program  
13 through the management, the day-to-day management of  
14 the ag operation, how long I leave my residues, how I  
15 am dealing with water quality, nutrients, and  
16 pesticides. Those are usually management intensity  
17 type operations, so it's very critical that the person  
18 that's making those decisions actually is the person  
19 that's participating. They understand, then, when  
20 they sign up for that contract that they have got  
21 certain management activities that are going to have  
22 to be carried out. Okay.

23           Priority watersheds -- and I mentioned  
24 this before in terms of ag operations, the majority  
25 needs to fit within the priority watershed. We are

1 going to look at several key factors in terms of  
2 priority watersheds. We will look at water quality,  
3 soil quality, grazing land condition. In other words,  
4 we are proposing that the watersheds would be at an  
5 eight-digit hydrologic unit area and that we would  
6 have some pretty good science-based data to determine  
7 whether or not we have vulnerability of surface and  
8 groundwater, whether or not we have the potential for  
9 excessive soil quality degradation, whether or not we  
10 have a condition where the rangeland can be improved.  
11 Those are some of the things we are going to be  
12 looking at in terms of prioritizing those watersheds  
13 the first time through.

14                   There is 2119 of those eight-digit  
15 hydrologic unit codes. One thing that does for us in  
16 terms of PA, if you are not in one of the watersheds,  
17 then you don't need to be contracted, so we have, you  
18 know, effectively reduced the scope of the number of  
19 people that would be coming in in terms of our PA and  
20 FA zone.

21                   Another part would be in the treatment  
22 requirements required for each tier. Producers will  
23 be required to address minimum treatment criteria for  
24 soil quality and water quality for all three tiers,  
25 soil quality and water quality. This is really a

1 pretty high requirement. It takes quite a bit to meet  
2 the soil quality needs and the soil quality criteria  
3 and water quality criteria.

4           To achieve those, the treatment's going  
5 to vary depending on where you are, the type of soils  
6 that you have, and the types of activities that can be  
7 done practically within an area. It may include  
8 managing nutrients, pesticides, and other things like  
9 that. I will go into a little more detail on the  
10 treatment requirements later.

11           Enrollment categories is another facet  
12 of the proposed rule. It's kind of difficult to  
13 understand. Enrollment categories, we are going to  
14 begin to prioritize our applicants based on their  
15 historic environmental performance and their  
  
16 willingness to adopt additional conservation  
17 treatment. It's pretty important to us to be able to  
18 do this.

19           Now, where we actually come up with this  
20 idea is through the Veterans Administration. They  
21 have a capped entitlement with their insurance. In  
22 other words, all veterans are eligible for that  
23 veterans insurance, but they don't have the money to  
24 pay all the veterans, so like the Purple Hearts would  
25 all be funded and then other criteria would be used,

1 et cetera, down through the categories.

2                   So with our applicants in the  
3 Conservation Security Program, depending on the amount  
4 of conservation that they have done plus the amount  
5 that they would agree to do, they would obviously land  
6 in a higher category, and then we would fund that  
7 category, and then once that -- either participants  
8 were exhausted or our funds were exhausted, then we  
9 would move successfully through other categories.

10 Possible category criteria would be like a soil  
11 conditioning index. Let's say that I'm going to move.  
12 I am at a point two and I agree to begin activities  
13 that will move me to a point three. Water quality  
14 practices and systems, the types and intensities of  
15 managing nutrients, for example, grazing land  
16 condition. And that's where it could help. At-risk  
17 species could be a possibility, as well as indicating  
18 whether or not a person has limited resources,  
19 beginning farmers. Those others aren't minimum  
20 treatment requirements, but they would help you in  
21 terms of whether or not you are going to achieve  
22 funding.

23                   The last part of the process, then,  
24 would be contract selection. Once we looked at the  
25 eligibility of the land and looked at all of the

1 different facets of the -- or practices and activities  
2 that occurs in an ag operation, then recommend a  
3 category, and then we would begin a selective process.  
4 A conservation security plan at that point would be  
5 developed, scheduled activities, practice maintenance,  
6 and practice payments, that sort of thing.

7                   There are going to be three tiers by  
8 proposal, as well as by statute. We had looked at an  
9 option at one time about just offering the highest  
10 tier and then maybe moving through, but the statute is  
11 pretty clear. We have to have all three tiers  
12 offered. So what we're suggesting is minimum  
13 criteria, then, for the tier.

14                   We would have a tier one that have  
15 addressed, prior to enrollment, the soil quality and  
16 water quality needs on the part of an ag operation.  
17 For tier two they would have addressed soil quality  
18 and water quality on the entire ag operation, plus  
19 agree to a three point additional resource concern.  
20 Of course, then tier three is the same in the statute,  
21 all concerns on the entire ag operation.

22                   In terms of payments, I will kind of go  
23 through how the payments are structured and how they  
24 would be calculated. There is four components to the  
25 annual payment for a CSP contract. The first is a

1 base payment. The second is an annual component for  
2 maintaining existing conservation practices. We are  
3 calling that an existing practice payment. And then  
4 third would be if you choose to adopt a new practice,  
5 structural practice, for example, then we would offer  
6 cost share for the option of that new practice. The  
7 last is an enhancement component for exceptional soil  
8 conservation effort. What that means is that we are  
9 looking at that base payment being a minimal part of  
10 that contract. Base payment is calculated more or  
11 less with -- by statute we have a couple of options.  
12 One, we could have used a national rental rate based  
13 on -- based payment on a national rental rate for  
14 2001, all right, and that would be at a national level  
15 by land use. That really doesn't give a very good  
16 distribution. For example, irrigated cropland in  
17 California goes for about \$330 an acre. Some of the  
18 dryland/cropland in Texas panhandle I think is around  
19 17, \$18 an acre. If we just lumped it all in  
20 cropland, you can see that there is a wide disparity  
21 in what would happen if we use that as a base. So in  
22 lieu of that, the statute gave us the option called a  
23 regionally equitable rate. It's based on 2001 rental  
24 rates but then would give a better uniformity in what  
25 we would be paid. The second part of that base

1 component in our proposal is a reduction factor that  
2 further reduces the influence of the base component on  
3 the entire contract. There is a couple of reasons for  
4 that. Number one, that base component is really a  
5 payment for what you are already doing. If you were  
6 to look at all the categories and we had the entire  
7 entitlement level funding, the bottom category would  
8 most likely be those tiers of operators who by God's  
9 good grace has been given an area where they didn't  
10 have to do a lot and they don't want to do any more.  
11 So that's really the lowest category of funding. In  
12 terms of producing a program that's going to achieve  
13 any kind of environmental benefit, we need to move  
14 above that. That base payment, then, would reward  
15 that -- that would be all that person is going to get.  
16 To really maximize what they can get out of the  
17 program, they would be -- have to adopt additional  
18 conservation. And then you can see the green part of  
19 that. There is little cells. Move up there. The  
20 move conservation they adopt, the higher the payment.  
21 It would be conceivable that a tier one contract would  
22 be more than a tier two contract, depending on how  
23 much the person wants to do on that part of the  
24 operation. The second part of that is the practice  
25 payment itself. Again, that's an existing practice

1 payment that it was in a place before a person got  
2 into the contract. In terms of averages, we have  
3 looked at some of the costs, say, in Iowa for a  
4 330 acre farm. The base payment would run around  
5 \$199, and the maintenance payment would be around 285.  
6 So for a 330 acre farm, those first two payment areas  
7 will be a very small amount. That more or less kind  
8 of influences the producer now to look at additional  
9 types of conservation that they can do in terms of the  
10 payment. At an intimate component there is several  
11 ways to achieve an enhancement payment of acreage by  
12 statute. They can improve a significant resource  
13 concern beyond the minimum treatment criteria. You  
14 can treat a local conservation priority. I know we  
15 have seen areas, for example, you know, funds limited  
16 or they are working on, you know, corrosion, or water  
17 quantity issues could be a very extreme local  
18 conservation priority; working with on-farm  
19 demonstrations and pilots. That farmer to farmer  
20 communication is very important, and if we can provide  
21 some of the costs for providing a pilot on an on-farm  
22 demonstration project, we could I think increase that  
23 interaction and interface between producers; working  
24 with other producers within a watershed or other  
25 designated area, and that area you would have to

1 have -- at least 75 percent of the participants within  
2 that area would have to be willing to cooperate with a  
3 particular conservation priority. And the last is  
4 kind of an interesting concept, the assessment and  
5 evaluation of conservation practices. For years I  
6 know NRCS has said, well, this practice is good. We  
7 know it is. But whenever it comes down to the data to  
8 actually support that, many times that data is very  
9 spotty, very regionalized. In terms of this  
10 particular enhancement, let's say that a producer is  
11 willing to monitor quality below a buffer or something  
12 like that or they are willing to take other  
13 measurements that would either support or reject the  
14 idea of a particular conservation practice. We have  
15 never been able to do that before, really get a  
16 producer involved and actually cover some of the  
17 expenses for that. So this particular enhancement  
18 could be very beneficial not only to the producer but  
19 to NRCS and conservation in that partnership. For  
20 example, the way that some of those enhancements would  
21 work, installing a riparian buffer may exceed the need  
22 or the minimum requirements for the tier. We could  
23 look at improving the local condition of water quality  
24 or water quantity or wildlife, provide shade and cool  
25 surface water temperature to restore critical salmon

1 habitat. Other examples would be on-farm  
2 demonstrations, field trials with crops or mulches,  
3 that sort of thing, or management practices that may  
4 lend themselves to soil quality improvement, watershed  
5 projects that control erosion, improve organic  
6 matters, that sort of thing. The last would be like  
7 water quality testing at field edges, drilling  
8 monitoring wells and collecting crops for analysis.

9                   Okay. In terms of applying for the  
10 program, the first thing that would happen is the  
11 secretary would announce the program. At the time of  
12 that announcement the delineation of those priority  
13 watersheds would also be included so people would know  
14 whether or not they are going to be within that area.  
15 Also, any additional minimum requirements for each  
16 tier would be focused at that time, as well. The  
17 individual then would determine whether or not that  
18 farm or ranch is in a priority watershed and whether  
19 or not they meet the eligibility requirements.

20                   We are actually going to encourage  
21 producers to go through the self-assessments so that  
22 they can kind of determine where they are in their  
23 conservation program. This does two things. It helps  
24 the producer become the owner of their conservation  
25 program. They know their land the best. They know

1 the activities that they provide. And it really gets  
2 them involved in the conservation planning process.  
3 The second part is reduction of that technical  
4 assistance fund so that producers are answering a lot  
5 of their own questions before they actually meet with  
6 somebody in the NRCS. All the applicants would have  
7 to address the minimum tier and contract requirements.

8           Once that is done, the NRCS will look at  
9 the eligibility, make sure that all of the  
10 requirements have been met. We at that point would  
11 conduct a follow-up interview with the individual to  
12 kind of check through the information, make sure that  
13 they didn't miss anything, make sure that everything  
14 is properly documented. Then we would place the  
15 application in the highest possible tier or category  
16 that the person could be accepted and select our  
17 successful applicant, and then at that point we would  
18 complete the conservation security program.

19           We are seeking comments for the program.  
20 We have a 60-day public comment period. Larry, I  
21 believe, mentioned that that ends on March the 2nd,  
22 2004. Those comments are being sent to me at the  
23 Conservation Operation Division in Washington, D.C.  
24 via the post office, or you can send me an e-mail and  
25 we'll duly consider your comment.

1                   Are there any technical questions at all  
2 in the program at this point before we get into the  
3 public comment period? Okay. Thanks a lot.

4                   DR. BUTLER: Thank you, David. We're  
5 now going to get ready to take your comments. As I  
6 mentioned at the start, this is a listening panel, and  
7 this panel will be listening and not answering any  
8 questions from the floor at this time. We have a  
9 microphone in the center of the room, and I would ask  
10 that those of you that are going to speak that have  
11 filled out a card, I will be calling you forward with  
12 these cards, and you will come to that microphone to  
13 speak.

14                   I would like to introduce Dorlene Hicks  
15 here at the front of the room. She is a partnership  
16 management liaison from the south central regional  
17 office, and she is going to be the keeper of the  
18 clock. The Federal Register said you have up to five  
19 minutes, and we are going to hold to exactly that.  
20 You will have a green light, and under the green light  
21 you will have four minutes to speak. When the yellow  
22 light comes on, you will have one minute, and when the  
23 red light comes on, you're done. And if she doesn't  
24 come get you out of the way, I will stand up and  
25 introduce the next speaker, so I would appreciate it

1 if you-all will sit down when the red light comes on.

2                   So with that if any of you have brought  
3 written comments or have comments in addition to the  
4 five minutes, put them in writing, and there is a box  
5 up front here to place your written comments in, and  
6 those comments as well as the transcript that's being  
7 kept today, today's session will be taken back to  
8 Washington, D.C. for use in writing a final rule.

9                   You can also send those written comments  
10 directly to Washington either by e-mail or by regular  
11 mail. I will give you those e-mail address right now.  
12 It's David McKay. You can see the spelling of his  
13 name, D-a-v-i-d, and then place a dot and then  
14 M-c-K-a-y at usda.gov. The mailing address -- and, of  
15 course, we will have this available for anyone who  
16 wants to come to us at the end of the session -- is  
17 the Conservation Operations Division, Natural  
18 Resources Conservation Service, P.O. Box 2890,  
19 Washington, D.C., 20013, attention Conservation  
20 Security Program. All comments are going to be  
21 considered as NRCS develops this final rule.

22                   Now, it's obvious from the number of  
23 cards that I have that we're going to have a lot of  
24 time between now and 1:00. But even though we have a  
25 lot of time, we are still going to stay strictly with

1 the five-minute comment period, as that is what was  
2 published in the Federal Register. Those of you that  
3 did not choose to make a comment at the beginning will  
4 have an opportunity when all of these are through to  
5 fill out another card, put a yes on it, and get up and  
6 make some comments. And the panel will be here until  
7 1:00 even if everyone else leaves, because we don't  
8 know if someone may have read the Federal Register and  
9 come in at five minutes till one, and we better be  
10 here when they do, so we will be here.

11                   With that, as each of you come forward I  
12 will ask you to state your name and who you represent  
13 for the record so that we can capture your comments  
14 appropriately. The first speaker will be Mr. Comer  
15 Tuck.

16                   MR. TUCK: Well, by the luck of the draw  
17 I guess I got to be first. I am Comer Tuck. I am a  
18 staff member of the Texas Water Development Board, a  
19 statewide water agency in Texas. We are probably a  
20 very distant second in Texas to the State Soil and  
21 Water Conservation Board and the 217, I think, local  
22 soil and water conservation districts in the state,  
23 but we are, we think, an active agency in -- active in  
24 water conservation, particularly agricultural water  
25 conservation.

1                   So I also am here today to listen to see  
2 what other folks may say and to see the presentation  
3 on the program, that we are always interested in the  
4 federal programs, particularly how we might be able to  
5 blend state programs with the federal programs, both  
6 cost share, funding, incentives and et cetera, for  
7 agricultural water conservation, so we are also  
8 interested in learning about this program, and the  
9 emphasis on the enhanced improvements for water  
10 quality and soil quality are an important  
11 consideration for us, and we look forward in the  
12 future to perhaps being able to blend state and  
13 federal programs together to get the best bang for the  
14 buck of the taxpayers' money. Thank you.

15                   DR. BUTLER: Thank you. You stayed  
16 within the green there. We may burn that green bulb  
17 out. Our next speaker will be Jose Dodier.

18                   MR. DODIER: Thank you, Dr. Butler. I  
19 just want to say that I believe in this process. I  
20 think EQIP is a fine example, that you listen to  
21 people and come up with rules that do help us. I also  
22 want to state and I think it's no secret that I think  
23 that NRCS is probably the best partner that most  
24 landowners in Texas and the United States have.

25                   I want to apologize to the panel for

1 reading to you, but I want to keep that green  
2 lightbulb lit up. The Conservation Security Program  
3 has the potential to serve the entire nation. The  
4 positive features within the program are subject to  
5 complexities that would require further examination.  
6 It is my intent to examine as much information as  
7 possible, and I will submit comments to you in  
8 writing.

9                   There are some concerns that I want to  
10 address to you locally. First is the capped  
11 entitlement. Although the '02 Farm Bill proposed that  
12 the CSP has an entitlement program with no spending  
13 limit, it has been capped over the next ten years.  
14 The house and senate should remove this and restore  
15 the original intent. The capped issue will force USDA  
16 to identify and offer CSP in limited areas. This is a  
17 nationwide program and should serve all of us and not  
18 just high priority watersheds. When the cap is  
19 removed you should develop a revised rule that removes  
20 the watershed limitations. USDA will have to address  
21 concerns with soil, air, water quality, wildlife and  
22 plant health.

23                   Another concern I have are eligible  
24 practices. The original intent of the CSP only  
25 provides two limits, animal waste transport and

1 storage. NRCS has proposed a reduced list of eligible  
2 practices. The base payment issue, the law requires  
3 that the '01 national rental rate are an appropriate  
4 rate where the national rental rate does not  
5 accurately reflect local conditions be used to  
6 establish the CSP base payment. The proposed rule  
7 uses state and local rental rates but reduces the base  
8 payment to 10 percent of the already reduced rate.

9 The rate should not be lower than the national  
10 average. As far as the cost share, I think it should  
11 not be any less than EQIP.

12 Contract limits, the rule encourages  
13 producers to file a single contract. The intent of  
14 CSP does not address the number of contracts a  
15 producer can have. Personally I would require two  
16 contracts because of diversity of my cattle operation.  
17 Under sign-up, the rule provides for periodic  
18 sign-ups. I think this will limit access for  
19 producers. I would like to see a continuous sign-up.  
20 Application, I strongly recommend an electronic  
21 on-line application process. At today's high gasoline  
22 prices, that saves a little money going into town.

23 I want to close out by saying that the  
24 CSP should become the most important and effective  
25 program implemented by USDA. There is little

1 opportunity for farmers and ranchers to be rewarded  
2 for responsible environmental performance in  
3 concerning our natural resources. The USDA has the  
4 potential to do what is right for the land through  
5 CSP. It is my personal opinion that the United States  
6 Congress and the USDA have encouraged overproduction  
7 of commodities through subsidy payments. The results  
8 are out there in this state and across the US of A.  
9 There is some leached land out there. There is some  
10 land that's been overapplied with pesticides. Fence  
11 line to fence line operations have damaged soil, and  
12 you know that, all in the name of collecting these  
13 payments. The United States Department of Agriculture  
14 can improve the amount of performance of agriculture  
15 by rewarding the best and motivating the rest.

16 I want to thank you for being here.  
17 Welcome back to Texas, Dr. Gray. I see you in D.C.  
18 every time I come up, and it's nice to see you down  
19 here. Dr. Butler, thank for being here. I come to  
20 you today as a member of Domicil [phonetic] Land and  
21 Cattle Company to address CSP, and I will be  
22 submitting comments to you in writing. Thank you.

23 DR. BUTLER: Our next speaker today is  
24 Ronald Gertson, ask Mr. Gertson to state his name and  
25 who he represents.

1                   MR. GERTSON: My name is Ronald Gertson,  
2 and I wear several hats that shape my perspective in  
3 connection with this program. I represent the Texas  
4 rights industry on the Texas state technical  
5 committee. I also serve as the regional water planner  
6 for the Lower Colorado Regional Water Planning group,  
7 and I am the president of the Coastal Bend Groundwater  
8 Conservation District. These roles overlap in regard  
9 to Natural Resource Conservation concerns.

10                   And I have, I think, three fairly  
11 specific issues to address with you, but first I want  
12 to commend the NRCS staff for this tremendous first  
13 stab at establishing what looks to be what will be an  
14 administrative nightmare to carry out, no fault to the  
15 NRCS. It's just a very complicated program.

16                   My first comment has to do with  
17 Section 1469.5(e)(1), selection and funding of  
18 priority watersheds. The short list of concerns there  
19 by which these watersheds would be prioritized leaves  
20 some very important issues out. I realize that there  
21 may be a reason for this and that there could be  
22 national databases available to make this  
23 prioritization a little bit more easy. However, water  
24 quantity in addition to water quality is a national  
25 issue that needs to be addressed and deserves

1 attention within this prioritization process. Another  
2 one that may be worth some consideration is air  
3 quality. We have some watersheds that are adjacent to  
4 highly populated areas or highly industrialized areas  
5 that agriculturists' component in that air quality  
6 could be significant enough to throw them over some  
7 thresholds.

8                   Second item has to do with 1469.23,  
9 program payments, the base payments being determined  
10 based on land rents, and this may be incorporated, but  
11 I want to state it anyway. Land rents vary from one  
12 place to the other. In some cases that land rent  
13 actually also includes the resource of the water  
14 necessary to irrigate that land and other areas that  
15 irrigation water is paid for separately. I am  
16 proposing that in all cases the value of the land rent  
17 and the water rent be added together and used as that  
18 basis for multiplying the reduction factor to. I'd  
19 point out, for example, that that high California land  
20 rent that was mentioned earlier in many cases is high  
21 because of highly subsidized federal water supply  
22 projects, the value of which accrues to the land at no  
23 cost to the landowner. Some of us are not so lucky to  
24 be the recipients of those federally subsidized water  
25 projects and have to pay significant amounts for our

1 water supplies.

2                   Item No. 3, 1469.23, program payments,  
3 the area I want to address here has to do with the  
4 program payment limitations which states that each  
5 contract will be limited to certain amounts for each  
6 tier and also provides some base payment limitations.  
7 If those limitations are per contract rather than per  
8 producer or per entity, larger entities like the one  
9 I'm involved in will lose the incentive to be  
10 involved. There needs to be a way of multiplying that  
11 base for the number of entities involved within one  
12 farming operation. In my case it's a large family  
13 partnership that operates about 8,000 acres as one  
14 unit. The limits established here would not get us  
15 very far in incorporating some conservation there.

16                   Thank you for the opportunity to  
17 comment, and I will also be refining these and  
18 offering them in writing.

19                   DR. BUTLER: Thank you. Our next  
20 speaker will be Chuck Kowaleski.

21                   MR. KOWALESKI: My name is Chuck  
22 Kowaleski. I work for Texas Parks and Wildlife as  
23 their Farm Bill coordinator here in Texas. A number  
24 of points that I would like to make is under 1470.3.  
25 While you have defined what an operating unit is, you

1 may want to also define what a cohesive management  
2 unit is. That's probably open to a lot of  
3 interpretation as far as that goes.

4           Under 1470.4, while you have listed two  
5 resource concerns that you are primarily targeting, I  
6 would like to remind folks that wildlife has been  
7 stated as coequal as a resource concern. It's under  
8 the 2002 Farm Bill. And while you have mentioned  
9 wildlife in a number of possibilities as an end  
10 product, it's not mentioned as one of the things that  
11 you are trying to address directly.

12           Under 1470.5, under your definition of  
13 eligibility you have devoted to crop production even  
14 though this program states that it will allow  
15 pastureland, rangeland, native prairie to be enrolled  
16 in the program. There seems to be some conflict on  
17 eligibility requirements. That needs to be clarified.

18           Also, when you require that what CSP  
19 will pay for, there hasn't been a lot of background  
20 given on that particular point as far as if you are  
21 going to require that certain minimum conditions be  
22 met before the end of the contract period, are you  
23 willing to pay cost share to that producer for them to  
24 be able to reach that minimum level and, of course, at  
25 what level of cost share are you going to do. I

1 realize that will be somewhat determined by the  
2 budget.

3           Also in the same line, since CSP -- you  
4 mentioned that CSP will be used to piggyback on other  
5 programs to increase its cost-effectiveness. If the  
6 producer has already gotten cost share for putting a  
7 practice in under another Farm Bill program, such as  
8 EQIP, and that EQIP contract requires a minimum  
9 maintenance by that producer, are you going to also  
10 pay for maintenance under your base payment in this  
11 program?

12           Under 1470.5, which is basically on  
13 verification and -- of the owners, I see that you are  
14 shifting an awful lot of your paperwork over to the  
15 owners themselves. I understand that from a manpower  
16 shortage point of view. But are you going to verify  
17 the owner's self certification before the contract is  
18 signed? I suggest that you do it. We found in a  
19 number of cases in Texas that the owner's  
20 self-certification for a contract didn't turn out to  
21 be accurate when it was checked in the field. And  
22 when you are dealing with programs such as this, you  
23 do need to have those checked before those contracts  
24 are signed. It's a lot easier than trying to get your  
25 money back afterwards. Thank you very much.

1 DR. BUTLER: I have one more card that  
2 was filled out if the individual wishes to speak. If  
3 anyone else wishes to speak it would be a good time to  
4 go get your card changed. The next speaker will be  
5 Raymond Hernandez.

6 MR. HERNANDEZ: Sir, with all due  
7 respect, I apologize, as that I am here representing  
8 the Tap Pilam Coahuiltecan Indian nation, who are  
9 aboriginal Texans. And before my time starts, before  
10 I direct my comments, outside of Mr. Harold Bryant and  
11 Mrs. Salinas outside, I don't have a clue who I am  
12 speaking to out here besides you gentlemen, and it's  
13 important to me to our community to find out how many  
14 people here are true landowners, number one; number  
15 two, how many are what we identify as aboriginal  
16 Texans, and aboriginal Texans are those European  
17 families that are Texans that are for at least four or  
18 five generations here, because we have a common  
19 interest, and before I direct those comments I would  
20 certainly like to know if those people are here.

21 DR. BUTLER: Okay. We will honor that  
22 request before your time starts. The audience is  
23 limited so it shouldn't take too long. We will just  
24 start right over here and everyone introduce  
25 themselves, please, who you represent.

1 MS. CASEY: Janet Casey.

2 MR. GERTSON: Ronald Gertson, and, yes,  
3 I am a landowner, a fourth generation Texan.

4 MR. SCHOTT: Randy Schott. I am on the  
5 Bandera Soil and Water Conservation District. My  
6 family has been involved in agriculture here since  
7 about 1860 and I am a producer. I farm and ranch.

8 MR. SVETLIK: I am Dexter Svetlik. I am  
9 with NRCS. I also own a ranch.

10 MR. BROOKS: Kanand Brooks, NRCS.

11 MR. TILLMAN: I'm James Tillman, Natural  
12 Resources Conservation.

13 MS. DANIEL: Tamara Daniel representing  
14 Association of Texas Soil and Water Conservation  
15 District.

16 MR. MIZE: Alen L. Mize with Delmonte.

17 MR. ENGLERTH: Carl Englerth from New  
18 Braunfels. I am executive director for the Earth  
19 Moving Contractors Association of Texas. I also was  
20 involved in conservation for over 40 years. I lease a  
21 farm and do a lot of other things, as well. Thank  
22 you.

23 MR. SALINAS: My name is Salvador  
24 Salinas. I am with NRCS and also a relative to  
25 ancestors here. My family is involved in farming and

1 ranching and has been since the early 1700s, still  
2 operating.

3 UNIDENTIFIED SPEAKER: Harold Brumley  
4 [phonetic]. I'm with NRCS, and also our family has  
5 been here since the early 1700s.

6 MR. MUELLER: John Mueller with NRCS,  
7 and my family has been involved in the ranching  
8 industry since approximately 1880s.

9 MR. BLACK: Mickey Black with NRCS,  
10 third generation.

11 MR. LANDRENEAU: Tim Landreneau, NRCS  
12 Louisiana.

13 MR. SCHWARTZ: Bob Schwartz, USDA.

14 MR. SHARER: I am Doug Sharer. I'm with  
15 NRCS Texas.

16 MR. BROWN: Sam Brown, NRCS.

17 MR. BADE: Norman Bade with NRCS.

18 MR. FEATHERSON: James Featherston, NRCS.

19 MR. CLARK: Larry Clark representing  
20 NRCS. I am a sixth generation Texan by birth, Texas  
21 Aggie by the grace of God.

22 MR. TUCK: I can't top that. Comer  
23 Tuck, Texas Water Development Board, grew up in a  
24 dairy farm but had to work with the state to make a  
25 living, on one side of the family in Texas since about

1 1870.

2 MR. KOWALESKI: Chuck Kowaleski, Texas  
3 Parks and Wildlife.

4 MS. KUEHN: Elisha Kuehn, NRCS San  
5 Angelo.

6 MR. CALDWELL: George Caldwell, Texas  
7 Farm Bureau. I am also a fourth generation landowner,  
8 Texas.

9 MS. BURCH: Vernell Burch. I represent  
10 Texas Department of Agriculture, and I am also a  
11 producer in Bexar County, and we have been farming and  
12 ranching since --

13 MR. BRANDENBERGER: Kenneth  
14 Brandenberger, director of Llano County Soil and Water  
15 Conservation. We've been active in agriculture since  
16 1840.

17 MR. FOSTER: John Foster from the Texas  
18 State Soil and Water Conservation Board, fourth  
19 generation Texan.

20 MR. FREEMAN: Joe Freeman, field  
21 representative for the Texas State Soil and Water  
22 Conservation Board. My family has been in the Llano  
23 County area since 1882. My children are sixth  
24 generation. We came from Louisiana before that.

25 MR. ABBOTT: I am James Abbott. I am a

1 retired NRCS employee. I now work for Mack Gray on  
2 the Bosque River initiative, water quality initiative.  
3 I own the farm that I was born on, and this year it  
4 will be in the family 100 years.

5 MR. PADGETT: My name is Preston  
6 Padgett. I am with NRCS Texas. I am Texan.

7 MS. CHILDS: My name is Kelly Childs,  
8 and I guess I am a second generation, and I own two  
9 private farms in two different counties.

10 MR. MOORE: My name is Douglas Moore. I  
11 am here with Kelly, came from Ireland in 1856.

12 DR. BUTLER: Thank you. With that your  
13 five minutes will begin.

14 MR. HERNANDEZ: Thank you. My name is  
15 Raymond Hernandez. I am with the Nanock [phonetic] AI  
16 tribe, which is the aboriginal people here from San  
17 Antonio and South Texas. Our tribal land, when we  
18 looked up there and it said tribal lands, we are not  
19 reservation Indians. Our family has fought hard to  
20 maintain that sovereignty that we still treasure to  
21 this day, and over the generations we have seen -- we  
22 have built a future for Texas here, along with the  
23 Irish, the Germans, the Spanish, the Polish. Very  
24 much of those people are a part of our history that  
25 assimilated into our private cultures and we

1 assimilated into their cultures. We still take very  
2 strong positions of what Texas means to all of us, and  
3 we have a deep love for these lands that we can say  
4 that we are fortunate to be people that have walked  
5 these lands that our grandfathers and their  
6 grandfathers have built before them for generations.  
7 Archeologist reports say that our people have been on  
8 these lands for over 9,000 years. My concern and the  
9 concern of our people is that yes, we are dwindling in  
10 numbers, only because of governmental restrictions and  
11 things that -- that when we move outside of our  
12 families and we marry outside of our families they say  
13 that we as a community continue to dilute our tribal  
14 ways, and yet we still live within those tribal  
15 constraints of our community.

16                   What I am saying to the local ranchers  
17 and those people that have built a future here in  
18 Texas or arrived here in Texas with better -- looking  
19 for a better future is that we are at a point in our  
20 lives, the American Indians, the farmers, and the  
21 ranchers, that we are at a point where we should be  
22 placed on the endangered species land, because as laws  
23 after laws continue to be enacted, it just continues  
24 to squeeze our way of life away from us. We have no  
25 control over those things, yet we look for ways to

1 assimilate and to work within the system that protects  
2 and allows us to be conservative and stewards of these  
3 lands, but yet we continue to see others maintain  
4 ownership and sell the water that is the ultimate  
5 basis for life, not only for ourselves but for our  
6 brothers, the whitetail and all those other creatures  
7 that are native to Texas.

8                   We are at a point in our lives and our  
9 community where we have reached out to others that  
10 share a common belief of what Texas and what  
11 maintaining a way of life means to all of us and how  
12 we can protect that way of life as best as we can  
13 without obtaining an ownership that restricts others  
14 from enjoying that type of way of life. We don't know  
15 what the actions are. We don't know what the future  
16 brings. But we ask people to be careful with what  
17 they are signing up to and to understand that in  
18 seeking to obtain something for themselves that they  
19 don't do it at the expense of others because that  
20 would only serve to continue to be bias. And we're  
21 not looking as -- as a traditional people that we say  
22 we are on our tribal land. I stand on my tribal land  
23 today. It doesn't mean that I have ownership to this  
24 building. What it says is that my roots go deep into  
25 this ground, like the mesquite thing, and that people

1 understand that the interest of native people here in  
2 Texas, especially here in South Texas, doesn't  
3 necessarily mean we want to build casinos. There are  
4 some of us that look at casinos as a way to destroy  
5 our way of life. But we are being forced into  
6 decision making policies only because it is the  
7 economic times that forces into drastic situations.

8                   So thank you with that. I appreciate  
9 it.

10                   DR. BUTLER: Thank you. Thank all of  
11 those who have come forward with comments. All  
12 comments will, as I said, be forwarded on to  
13 Washington, D.C. If there are others that wish to  
14 make comments, now would be the time to do so. Well,  
15 we're going to be here a while.

16                   UNIDENTIFIED SPEAKER: Would it be  
17 possible to get a copy of the PowerPoint that David  
18 had for handouts to the districts later on? Would  
19 that be possible?

20                   MR. MCKAY: It may be a while, but we  
21 will make it available.

22                   DR. BUTLER: Well, we are going to take  
23 an unofficial break, then.

24                   DR. GRAY: Let me just say one thing.

25                   DR. BUTLER: Okay.

1                   DR. GRAY: Some of you are not going to  
2 stay here until 1:00, and if I weren't tied up here  
3 until 1:00, there would be no way I would stay here  
4 that long with no more people here. But before you  
5 leave I would like to say that we appreciate your  
6 coming. We appreciate you coming out here today and  
7 hearing about this new program. Give us your comments  
8 on it. If you don't do it today, that's irrelevant,  
9 but let us know, from what you read about it, what you  
10 hear about it, what you see about it, what you like  
11 and don't like, because we are going to have to put  
12 together a final set of rules in a given point in  
13 time, and the more comments that we get from the  
14 public, the better federal rules will get out. And so  
15 just let me say that we greatly appreciate your being  
16 here today, whether you made a public comment or not,  
17 and we want to be of any help as we can as we go down  
18 the road. Thank you, Larry.

19                   DR. BUTLER: We did receive one more  
20 card, so we have at least one more comment to listen  
21 to and we welcome others. The next speaker will be  
22 George Caldwell. Mr. Caldwell, please state your name  
23 and who you represent.

24                   MR. CALDWELL: I am George Caldwell. I  
25 am with the Texas Farm Bureau. I appreciate the

1 opportunity to be here today and comment on this  
2 program, and I appreciate you-all being here to listen  
3 to concerns that there are with the program. This  
4 program I personally, as well as others in our  
5 organization, worked a lot in its original workings  
6 through some of the legislature and working into the  
7 Farm Bureau, so we have a lot of ownership and pride  
8 in that, what it could do and what it can be for  
9 producers and landowners and what it can be in kind of  
10 revising how we look at conservation. It's our  
11 concern as we have gone through some of the  
12 implementation as the regulations have come out that  
13 we are looking at and talk about how it's been revised  
14 to maybe relook how we were looking at that program to  
15 start with. I know the comments were made to that  
16 Secretary Veneman had said that we want to reward the  
17 best and encourage the others, but we feel like a lot  
18 of the concerns that were expressed in the original  
19 discussion of this were to reward those who were  
20 already doing practices that were there that -- and  
21 encourage others to do likewise. We see from a lot of  
22 the things that are evolving from this to make minimal  
23 payments to those that are currently doing  
24 conservation practice, and all the enhancements and  
25 all the better part of the program, then, will be in

1 the enhancement that they might add to that.

2                   We talked some about the base payments  
3 here today, and we see that as maybe not a  
4 determinant, but we see that as not enough to  
5 encourage people to participate in this program. We  
6 talked about, for example, the tier one payments are  
7 5 percent of the rental rate for let's say grasslands.  
8 Here in Texas that was -- the '01 rates were \$7.20 an  
9 acre. That would be 36 cents an acre at my  
10 calculation. And so to me that is not a thing that  
11 would encourage someone to participate in this but  
12 would actually just say I would rather just continue  
13 this on my own and not have any government  
14 interference or government involvement in what I am  
15 trying to do and still encourage that, so we encourage  
16 you to look at that. Not only is it 36 cents, but  
17 there is also in the language that that would be  
18 scaled back, as well, and factored back in that part  
19 of the program. So we have a concern about that.

20                   The upper tiers we also have a concern  
21 about as we go to talk about what is defined as an  
22 entire operation. As Mr. Gertson here said, their  
23 family operation is 8,000 acres, and I don't know how  
24 many different farm units it takes to make up that in  
25 his neighborhood, but in some areas in Central Texas I

1 know of producers have as many as 25 or 30 different  
2 farm units that make up their operation. And so from  
3 that alone it would just nearly be virtually  
4 impossible for someone to meet the definition of all  
5 resource concerns in their entire operation or even in  
6 the tier one -- I mean the tier two of that definition  
7 of their entire operation. So, again, you -- by the  
8 regs you have encouraged them to not participate in  
9 this or you have devised a way that they won't  
10 participate in this because they couldn't qualify to  
11 start with, and I think it should be looked at in a  
12 way to encourage more participation instead of  
13 discourage that, so that's something that concerns me.

14                   One other concern that I would mention  
15 is that I know there is a limited funds with this  
16 program and so there has been a lot of discussion on  
17 how to scale back the program and to control the  
18 costs. Looking at priority watersheds is a good way,  
19 but it also can wind up some type of political  
20 influences that can also factor into that. But it's a  
21 concern as we look through this program how we are  
22 devising it to be scaled back, but then when we do  
23 receive adequate funding for the program, how that  
24 could be enhanced in a way that includes more  
25 producers and more operators in a way instead of just

1 enhancing it to those that are already in those  
2 watersheds and in the selected areas that can be  
3 beneficial to now.

4                   And with that I appreciate the time to  
5 make those comments. Thank you.

6                   DR. BUTLER: Thank you. Do we have any  
7 others at this time? Well, the panel and our recorder  
8 and our timer and our signers, we'll all be here until  
9 one. We're just going to get kind of informal now,  
10 and we hope that anyone that wishes to speak would go  
11 out to the registration table and see either  
12 Ms. Salinas or Marsha Redwine, and then they will let  
13 me know and we will return to the panel table here to  
14 hear anyone. And if anyone new comes in, we'll do the  
15 same thing. Otherwise, we'll stand here and not  
16 adjourn but at ease, if you will.

17                   (Brief recess)

18                   DR. BUTLER: Well, we have reached the  
19 end of the scheduled time. It's now 1 p.m. Thank you  
20 all for coming today, for offering your comments.  
21 Thanks to all the panel members for being here today  
22 and for all of those who made arrangements for the  
23 meeting. I really appreciate your work on that.  
24 Texas produced a lot of agro-input for use in coming  
25 up with a final rule for the Conservation Security

1 Program. If there are written comments, please place  
2 them in the box. Remember you have until March the  
3 2nd to submit additional comments to Washington, D.C.  
4 The address was given earlier, and it's available here  
5 for anyone that needs it. Thanks again for coming and  
6 have a safe trip home.

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1 THE STATE OF TEXAS \*

2 COUNTY OF TRAVIS \*

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4 I, Marsha Evans, Certified Shorthand  
5 Reporter in and for the State of Texas, hereby certify  
6 that I reported the Conservation Security Program  
7 Listening Session and that the foregoing pages contain  
8 and constitute a true and correct transcript of my  
9 shorthand notes taken on the 21st day of January,  
10 2004.

11 To which I certify on this the 27th day  
12 of January, 2004.

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