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UNITED STATES DEPARTMENT OF AGRICULTURE

NATURAL RESOURCES CONSERVATION SERVICE

Conservation Security Program (CSP)

Public Listening Session

January 27, 2004

12:00 **p.m.**

334 W. Spokane Falls Blvd.

Spokane, **WA**

ORIGINAL

E. MADELINE HEELEY
Certified Court Reporter Spokane, Washington
(509) 456-2320

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APPEARANCES:

GUS HUGHBANKS

CRAIG DERRICKSON

TOM **WEBER**

JIM FITZGERALD

SPEAKERS:

JERRY SNYDER

CHRI S as TRANDER

MARK SHEFFELS

DAVID MUEHLEISEN

JIM EVANS

STEVE MATSEN

SETH WILLIAMS

PAUL STOKER

DAVID MUEHLEISEN

RUSS CENTER

PAGE:

3

7

15

19

22

26

29

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33

35

ADDENDUM:

Identification:

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csP Pilot study

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BE IT REMEMBERED that on the 27th day of

January, 2004, at the hour of 12:00 p.m., at the Spokane

Convention Center, 334 West Spokane Falls Boulevard,

Spokane, Washington 99201,

the United States Department of

Agriculture Natural Resources Conservation Service held this

public listening session to gain feedback on a proposed rule

to implement the new Conservation Security Program (CSP).

The following comments were taken:

Jerry Snyder.

(Not an Official Transcript

MR. SNYDER: Good afternoon.

My name is

I'm a fourth generation farmer rancher, wheat

and cattle, on my farm just south of Ritzville, Washington.

I was recently elected secretary treasurer of the Washington

Association of Wheat Growers.

The Washington Association of Wheat Growers is

currently in Atlanta right now, and they have asked me to

bring the Association statement to you.

The Washington

Association of Wheat Growers applaud the restoration of full

funding for the Conservation Security Program.

The

restoration removes existing obstacles that were recently

published in the proposed rule,

7 CFR Part 1470.

This approved full funding will carry out the

Conservation Security Program as signed into law in the 2002

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Farm Bill and necessitates that the USDA revise proposed CSP

rules that would severely limit enrollments and payments to

producers under the restricted watershed priority program

which has now gone with additional approved money.

This program will give farmers the opportunity

to help raise their efforts to protect the environment,

especially with soil, air, water, wildlife and fossil fuels.

It is now critical that USDA issue the new supplemental

proposed rule as soon as possible so that farmers,

ranchers

and others will have an opportunity to comment on the final

rule.

The Washington Association of Wheat Growers

requests an extension for the comment period due to the 2004

Omnibus Appropriations bill actions.

The revised supplement

to the proposed rule must remove the watershed

prioritization approach and provide all farmers and ranchers

the opportunity to qualify for and participate directly in

the Conservation Security Program.

In addition, all obstacles to sign up,

like

excessive paperwork and interviews, must also be removed and

stated as such in the supplemental.

This national program

must be open to all producers of all types of agricultural

commodities who meet the program's conservation

requirements.

The law will benefit greatly from the intent of

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continuous sign up and the intent of Congress.

In concern

of incidental acreage,

such as woodland, should be placed on

a percentage of acreage not to exceed 20 percent of the

total acreage in the contract.

We encourage strong local and state

participation, establishing self-certification with the

intent of making CSP a producer friendly program and

reducing the burden on NRCS staff and technical service

providers.

The intent of the law was to allow for updating

of criteria based on new scientific developments.

A strong

local working group could help identify these best

management practices, such as county, committee and NRCS

boards.

All conservation practices in the NRCS Field

Office Technical Guide should be available as implied by the

2002 Farm Bill to the participating farmers and ranchers,

whether the practices are newly adopted or maintained

practices.

The proposed rule severely reduces compensation

to farmers and ranchers,

which will dramatically reduce the

conservation achieved through the CSP.

The supplement must

reflect the accurate and full base,

payments required by the law.

cost **share and enhanced**

In order to enroll in the CSP,

farmers and

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ranchers should not be required to implement practices on

lands not eligible for payments.

Also, division of payments

should be left to the operator slash landlord decision, not

the Goverrunent.

CSP is a new voluntary program to support

already existing conservation stewardship of agricultural

lands by providing payments to producers who maintain and

enhance the condition of natural resources.

CSP will identify and reward those farmers and

ranchers who are meeting the highest standards of

conservation.

CSP will build a foundation of natural

resource conservation that will provide benefits to the

public for generations to come.

Again,

the Washington Association of Wheat

Growers would like to state that with the passage of the

2004 Omnibus Appropriations Bill lifting the cap and

restoring the full funding,

the USDA needs to re-write the

supplement to the proposed rule to full implementation as

intended by Congress in the 2002 Farm Bill.

And as my own final closing comment,

if we don't

work locally and do it so that we can work it into the

program,

knowing that in this state 62 percent of land that

is in production is under a 12-inch annual rainfall, a

watershed priority just isn't a feasible thing; yet air and

soil very much are.

Thank you for your time.

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MR. OSTRANDER: Hello.

My name is Chris

Ostrander.

Davenport.

I'm a farmer from about 35 miles west of here in

Today **I'm** speaking for the Western Sustainable

Agriculture Working Group, which is one of several regional

Sustainable Agriculture working groups around the country

who work closely with the SA, Sustainable Agriculture, and

the Sustainable Agriculture Coalition on nationwide

sustainable agriculture policies.

The statement **I'm** going to read today is

prepared by Jeff Schahczenski, Executive Director of the

Western Sustainable Agriculture Working Group of Washington.

In the legislation that President Bush will sign

into law this week, or has possibly signed into law by now;

I'm not quite sure, Congress has restored full, uncapped

funding for 2005 and beyond to the Conservation Security

Program's landmark green payments initiative from the 2002

Farm Bill to provide stewardship incentives in support of

excellence in private working farmland conservation.

Unfortunately,

less than a month earlier,

administration issued a proposed rule to guide

the

implementation of the CSP that assumed the program would be

limited to a capped,

very low spending level each year.

In

fact,

the proposed rule is so restrictive and proposes such

low levels of financial assistance,

it is doubtful whether

many farmers could qualify or if any would bother trying.

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The Conservation Security Program can offer one

of the best opportunities in United states history to build

a sustainable western agriculture on working lands.

With so

much potential at stake, it is truly amazing that the United

states Department of Agriculture can now propose rules for

this innovative conservation program that are so completely

out of touch with the intent of Congress.

In announcing the proposed rules for this

innovative conservation program last month,

the Secretary of

Agriculture, Ann Veneman stated that the proposed rules for

the Conservation Security Program, quote, will reward the

best and motivate the rest, unquote.

However, by any reading of these rules, what we

really have is a program gutted of all its potential to be a

truly new way to support conservation in agriculture.

What

the proposed rules offer is a program that will cheat the

best and ignore the rest.

With Congress fully funding the CSP, three major

items must be addressed quickly: First,

the USDA must

immediately write a supplemental rule to this program that

recognizes that this program is an uncapped entitlement

program.

The current proposed rules must reflect the

reality that this program was created to last at least seven

years.

The NRCS and USDA should not be wasting time

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creating a narrow set of rules that worry too much about the

unfortunate fact that Congress has appropriated only $41

million for this program in the current fiscal year,

is almost half over already anyway.

which

Given the incredible foot dragging of this

administration in implementing this program,

it is unlikely

that there will be final rules ready to spend much of the

$41 million appropriated this fiscal year anyway, and it

would seem prudent to at least trial run a few CSP contracts

under rules that reflect its true entitlement status.

Remember, entitlement means that all who are

eligible have the opportunity to participate and that the

cost of the program should not be the critical issue

addressed in the implementation of the program.

As an

example,

the commodity programs are also an entitlement

program, and all of those who grow the commodity crops that

the Federal Government supports are eligible for that

support.

When the commodity title of the 1992 Farm

Security and Rural Investment Act was passed,

it was

estimated that these commodity entitlement programs would

cost some $133 billion dollars plus over the life of the

Act.

Of course the actual expenditures will be more

or less depending on many factors not controllable by the

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Fed Government.

The Conservation Security Program is also

estimated to cost $7.2 billion dollars over the life of the

Act that authorized it.

We need to make the same commitment to this

entitlement program as we do to the commodity programs,

and

we need rules that reflect that commitment.

proposed rules do not.

The current

Second,

the proposed rules set a series of

eligible criteria that is so out of step with the

legislation that if one could effectively sue the USDA for

violating the intent of Congress,

plaintiffs would easily win.

it is very likely that the

As examples, while soil quality and water

quality are important national resources of concerns for all

of agriculture,

the current rules require that CSp

applicants meet all soil and water quality criteria before

being eligible,

in clear contradiction in the law.

We cannot make the bar so high for eligibility

to this program that even very good conservation farmers and

ranchers will not be eligible.

This is like having a

Medicare program, also an entitlement program,

for which

only people with every known disease are eligible.

The CSP legislation does not set specific

resources of concern to be addressed by all farmers and

ranchers everywhere.

While water quality and soil quality

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are important resources of concern, producers in the western

United States may need to address additional resources of

concern beyond those of soil quality and water quality

issues.

state conservationists,

in conjunction with

their respective state Technical Advisory Committee, should

have leeway to address two to three additional resources of

concern than only water and soil quality.

Farmers and ranchers who wish to apply for

second tier benefits of the program must now address three

resources of concern rather than the one outlined in the

legislation.

Enrollment in the program will be limited to

certain not-yet-named watersheds.

While a watershed

approach to conservation is a useful tool,

this is not a

condition for eligibility in the legislation.

Other parts

of legislation that deal with enhanced payments, correctly

rewards group projects,

l.e.,

watershed projects.

The proposed rules set up a limited enrollment

period while the legislation intends a continuous sign up

for the program.

The proposed rules fail to provide for

renewal of the five to ten year contracts established in the

program, despite such rules being specifically mentioned in

the legislation.

The proposed rules limit payments to a

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restricted list, which is not provided, and no such list

exists in the legislation.

Finally,

the benefits of the

program outlined in the rule are so limited that even if one

can become eligible for the program,

would be worth applying.

it is doubtful that it

Again, examples include: The cost share rates

proposed under the rule are only five percent of the

estimated conservation practice costs.

This,

frankly,

is

insulting considering that other conservation programs like

EQIP that try to bring farmers and ranchers into compliance

with Federal environmental laws will get up to 75 percent

cost share.

Thus a program supposedly rewarding proven

conservation farmers only gets five percent cost share,

while other government programs with no assurance of

positive environmental outcomes get

75 percent.

The base acreage benefits have been reduced to

as low as half of one percent of local rental rates from the

legislative rate of five percent.

While base acreage

benefits are not related directly to conservation,

this

benefit would have helped induce medium to large farms to

participate.

The proposed rules make no mention of additional

enhanced payments for managed rotational grazing,

diversified resource-conserving crop rotations and

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conservation buffers despite these important multiple

benefit practices being specifically outlined in the

legislation.

The proposed rules hijack one of the most

important now conservation programs in our nation's history.

While this administration gives the impression of wanting to

make new serious efforts for conservation in agriculture,

when rhetoric meets reality, we are left with a monumental

failure of delivery.

I'd like to speak to you as a farmer.

I have

raised fruits and vegetables organically for direct market

on four acres about 35 miles from here.

What I see in the

Conservation Security Program is finally a Government's farm

support program for the rest of us.

Frankly **I'm** astounded at the out of control

costs at the major commodity programs that have historically

worked in diametric opposition to the three pillars of

sustainable agriculture; massive payments to major commodity

growers that have not resulted in sustainable economic

viability, sustainable environmental health or sustainable

social responsibility.

Instead we now face a farm crisis especially

dire for small family farmers, an environmental and natural

resource crisis and the crisis threatening the fabric of our

rural communities.

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The CSPf

if implemented, will allow society to

fulfill an obligation to maintain and enhance farms of all

scales and intent on growing any crops so that our food

security is improved and our nation's gregarious foundation

is shorn up.

Just the last paragraph;

let me mention that

each and every certified organic farm must submit a

comprehensive farm plan that addresses the conservation of

natural resources of concern that the CSP has designed to

protect.

I strongly urge that the rules for CSP has an

automatic enrollment for certified organic farmers who are

already at great expense implementing comprehensive

conservation measures on their farm.

Please let's have a

CSP rule that does what the legislature intended.

you.

Thank

MR. SHEFFELS: My name is Mark Sheffels.

Today I'm speaking on behalf of the Pacific Northwest Direct

Seed Association,

the PNDSA.

Our association was formed for

the express purpose of promoting the adoption of direct seed

cropping systems in the Pacific Northwest.

To avoid confusion,

I should note that direct

seed is also referred to as no-till.

Our voting board

members are all producers.

We promote the adoption of

direct seed cropping systems with great conviction because

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we know that the crop production must be sustainable or our

future will fade and disappear along with the soil on which

it is dependant.

effort.

Direct seed is not a single focus conservation

It is a systems approach to conservation that

protects our soil,

improves water quality, air quality,

wildlife habitat, and reverses the release of greenhouse

gases.

We promote this production system because it

provides stellar environmental benefit and often enhances

economic performance.

The PNDSA has been very interested in

the Conservation Security Program, CSP,

from its inception

because it was proposed as a reward-based program.

based.

Current conservation programs are incentive

Producers that already practice conservation at a

high level will generally not be eligible for the program.

The intent is to make program money available for those that

could potentially improve their conservation efforts the

most.

That approach seems prudent at first glance.

Unfortunately it has not been nearly as effective as it

should be.

You cannot buy commitment.

At best producers

that apply for current conservation programs may be sincere

about practicing better conservation.

At **worst they may**

only be interested in the money they can receive from

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jumping through the hoops.

In either case it is quite likely the effort

will only last as long as the payment.

Time and time again

we see producers go back to the old ways as quickly as the

money runs out.

CSP was built on a charge,

"reward the best,

motivate the rest."

We applaud that focus, and we hope this

program is administered in exactly that fashion.

We believe

that far more conservation will result from rewarding those

that lead the conservation effort,

an effort to buy commitment.

rather than spending in

As farmers we know that our peers will not stand

by and be left out if they see a true conservation

commitment being rewarded.

We believe tax payers **will** see

far more environmental improvement from letting producers

compete for conservation dollars by creating the best

conservation production systems they can,

rather than simply

paying those producers to mitigate problems with expensive

structural band-aids or single practiced-based efforts.

Current proposed rules state that the CSP

contract holder must show control over the lands for the

life of the contract.

We are concerned that a producer

wishing to enter into a CSP contract might have only a few

years left on the lease or possibly no written lease at all.

It should be possible for the operator of the

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land to hold a CSP contract as long as that operator is the

operator of the record and is abiding by his CSP contract.

The PNDSA understands the decision to limit the acres

allowed into the program in an effort to make the dollars

per acre worth competing for.

We agree with this approach.

However,

if tax

payers are to get the quality and quantity or conservation

they should get for their dollars, producers must be allowed

to compete over the largest geographic area possible.

If the initial offering of this program is

limited to a few watersheds,

the vast majority of

agricultural acreage will be left out of the competition.

Reward the best, motivate the rest is dead on the mark.

best do not all live in a few watersheds.

The

We believe all conservation districts should be

allocated enough money to participate in the competition.

This would be fair to the growers, and it would yield the

greatest amount of environmental benefit to the public.

The

first offering of CSP contracts will establish a precedent.

If only certain watersheds are eligible,

the

Conservation Security Program could become a site-focused

effort which would simply expand to additional sites if more

money were appropriated.

If this were to happen, a program

could easily lose the broad based political support it will

need to survive.

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If every acre is allowed to compete, CSP has a

potential to be a great program.

When NRCS leaders sit down

at the table to debate the administration of this program,

an endless number of ideas will be offered.

Please

remember,

reward the best, motivate the rest.

Thank you for allowing the Pacific Northwest

Direct Seed Association this opportunity to offer our

thoughts.

MR. MUEHLEISEN: My name is Dave Muehleisen.

I'm with Washington state University, Center for Sustaining

Small Farms Program.

I will attempt to speak on behalf of

small scale urban and limited resource farmers today.

I want to thank Washington state National

Resource and Conservation Services and the Natural Resource

and Conservation Services for giving me this opportunity to

speak on the recently published proposed rules for the

Conservation Security Program as authorized in the Farm

Security Investment Act.

The Conservation Security Program as written in

the bill is a program that really should reshape agriculture

in America.

It could enhance the economic security of

family farms in the country, a group that many have

estimated will be gone within 20 years.

This program is a real gem, a gem that needs to

be nurtured, and it needs to be set up so that it really

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works for everybody.

treated that way.

It's priceless and it needs to be

It's not in the too distance future this program

will someday be **--or** will be the cornerstone of all Federal

farms security systems in this country, as you had mentioned

on page 202 on the Federal Register; that this will be the

cornerstone and everything else will stem off of it.

As the Conservation Security Program, if it's

allowed to be as it is published in the bill, will both

strengthen both the environmental impact and the economic

stability of our farmers, and will bring our.people and the

communities that we live in greater strength and help them

greatly.

We must look at the tremendous benefit that the

farmers bring to these communities.

Not just production,

but in terms of open space, water holding, filtration

capacity and wildlife habitat,

to name a few.

In order to sustain these farms, communities

must see these benefits as another value added product that

farms bring to that community, and they must be willing to

put a financial value on those resources and those value

added products that farms bring.

CSP as it was originally written does just that,

and it really does bring and helps the community support

those conservation activities that farms bring in the

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cormnunity.

Unfortunately,

the proposed rules have no

resemblance in the '02 Farm Bill.

I have to acknowledge that I was in D.C. during

the time that it was written, and I understand that at the

time the President's budget was talking for $19 million

dollars for the whole program, and it went up to $41

million, and a new program was written as such to address

those shortfalls in terms of financing.

But now this program is now a uncapped

entitlement program, and this is great news for all of us.

The proposed rules are written as if it was a $41 million

dollar program forever, and we need to change that so that

this is actually a true, uncapped entitlement program.

I don't see how these rules can be adjusted to

address full funding of this program.

We need to have

supplemental rules published as soon as possible, and they

must reflect that this is an entitlement program.

50 the NRC5 must look beyond the $41 million and

look to see that it is a full funded program.

We have to

remember that entitlement means that it is eligible for all,

and so we have to look at it in terms of, as I've stated

earlier, that this is a program that is looking at --just

as **with the** commodities **entitlement program, that we have**

funding $133 billion over the tenure life of that act.

That's just an estimate.

Also with CSP the $7.2

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billion is an estimate, and so we need to have those rules

reflect that.

You cannot write the rules that reflect this

budget.

We must write the rule so that we can have this

program work as it potentially can.

Now, a couple of things: Requirements for

participation,

they're too restrictive.

Tier One, we have

two resources of concern that you're addressing.

original bill says that there should only be one.

as for Tier Two as well.

The

That is

Tier 3, you require an entire RMR investment to

be established.

That's too much.

Payments are way too **low,**

point 5 to 1.5 percent.

Well,

I'm done.

Can I just **wrap up**

real quickly?

Cost shares at five percent, way too low.

needs to be brought back up to the 75 percent.

Entitlement,

the economic analysis that went

with it suggests it's around 10 to 20 percent you're

It

recommending for implementation; that's way too low.

One

other comment,

I have that handout.

What you have here,

what you've written,

is a great pilot program.

What rive suggested there in this handout in

that flow diagram is how we can actually run a pilot program

in this first year with the $41 million.

The one thing I

said down at the bottom,

you see the recommendation in terms

of how we can leverage more money?

The 15 percent Tech Service cap that you kept

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mentioning in the Federal Register,

that means different

ways to leverage around that; you can get around that, and

actually use ag professionals to circumvent.

conservation innovation grants.

MR. EVANS: Good afternoon.

Also,

using

I'm Jim Evans.

Myself and Scot Cocking up there in the yellow shirt,

we

represent the USA Dry Pea & Lentil Council.

from Geneseet

Idaho.

I'm a producer

The USA Dry Pea & Lentil Council has placed a

high priority on the proper implementation of the

Conservation Security Program.

Our organization is in the

beginning stages of analysis of the proposed CSP rules

published on January 2nd, 2004.

concerns:

Here are a few of our

The CSP's stated goal is to reward the best and

motivate the rest.

Our organization fully supports this

statement.

We believe the CSP should recognize and reward

those producers who are committed to a long term

conservation system that is sustainable and environmentally

beneficial.

We further believe that the CSP program should

encourage producers to achieve the highest level of

conservation in the shortest amount of time.

The three tier

payment system should recognize and reward the best with a

significant bonus over the other two tiers of CSP payments.

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We want to make it clear that our organization

believes that the CSP should be structured to reward

producers based on the conservation systems they apply to

the working lands that they farm.

We believe the program

was designed by Congress to benefit working lands instead of

a program like CRP that lock up lands from any commercial

activity.

The USA Dry Pea & Lentil Council supports

funding and execution of the CSP based on achieved

conservation results.

The program should reward producers

for achieving conservation goals based on systems that are

economically sustainable and result in significant

improvement and soil, air and water quality.

The CSP should reward producers for addressing

conservation goals based on cropping systems that address

the following four major areas: Soil disturbance, residue

management, crop rotation management, pest and nutrient

management.

Crop rotation,

the CSP law passed by Congress

specifically provides enhancement payments for diversified,

resource-conserving crop rotations.

The proposed rule

provides very little recognition of the importance of a

diversified crop rotation and no mention of any enhancement

payments.

It is absolutely critical that the NRCS

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recognize the importance of crop diversity in the overall

management of farming operations and how proper crop

rotation benefits both conservation and the environmental

goals of our society.

residue.

Legume crops do not generally a lot of crop

However,

legume crops do fix nitrogen in the soil,

break weed and disease cycles,

improve overall soil health

and reduce the need for field burning.

We believe a crop rotation that includes a

legume crop should be rated very high.

We look forward to

the NRCS following the law and including enhancement

payments for diversified~

rotations.

resource-conserving crop

Watershed priority versus rewarding the best in

each conservation district; the proposed rule states that

the NRCS will identify critical watersheds to begin

implementation of the CSP program.

It appears to our

organization that NRCS wrote these rules as if it were a

capped entitlement program.

In fact, Congress just passed the fiscal year

2004 Omnibus Appropriation bill that returns CSP to its

original position as a non-capped entitlement program as

passed in the 2002 Farm Bill.

Identifying critical

watersheds to implement the C.SP program is contrary to the

original intent of Congress.

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We believe the NRCS should implement the program

in every conservation district in the country.

We believe

NRCS should work with state and local working groups to

identify the best conservation systems in each district and

reward appropriately.

The goal of the CSP program should be to

identify the individual conservation systems in each

district that will achieve long term sustainability and

environmental benefits.

It is important to recognize that

every state and conservation district may approach achieving

these goals in slightly different manners.

The NRCS should refrain from rewarding

individual practices versus a conservation system that

achieves the desired overall conservation goal.

For example,

if the STIR and SCI formula is used

to determine soil disturbance and residue significantly

downgrades the use of a heavy harrow in 100 bushel wheat

stubble, or a two-pass system that includes shanking in

nitrogen fertilizer and then seeding, our organization will

object.

The CSP rules are not specific regarding these

two practices at this time.

However, current field

technical guides consider the heavy harrow and shanking in

fertilizer a tillage operation.

The point is, heavy harrowing and a two-pass

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fertilizer slash seeding operation may be considered

significant tillage in a low rainfall area but not in a high

rainfall area with 100 bushel wheat straw.

payments.

Payments,

the CSP sets up three levels of

Base payments to reward participation, cost share

which allow up to 75 percent cost share for new practices,

and enhancement bonus payments for exceptional environmental

performance.

The proposed rules as we understand them would

only offer the following payments: Base payments,

the

proposed rules allow base payments of half percent to one

and a half percent of the local rental rates.

On a $100

acre cash rent,

this region.

that would be half to a dollar and a half in

Cost **share,**

the proposed rules only allow a five

percent cost share for new practices.

On a $10,000

investment that would be $500.

Our organization encourages

that this be advanced.

Enhancement payments, proposed rules

are very short on detail regarding enhancement payments, so

it is difficult to comment on this issue.

Thank you.

MR. MATSEN: Ladies and gentlemen, Mr. Weber,

Mr. Derrickson, Mr. Hughbanks, Mr. Fitzgerald,

thanks for

being here today to listen to all of us talk about this

program.

I'm going to ask and answer five questions.

try to be brief.

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First question, how well do the rules reflect

the language in the originating legislation?

Rated on a

scale of one to ten, kind of like a movie-you-saw ten, not

like the DCS.

So on a scale of one to ten,

current rules about a four.

I give the

Budgetary restraints are given as the reason for

a very restrictive program that is in the rules.

So now

that those restraints no longer apply,

the rules need a

re-write.

I do not feel the current version of the rules

shows the intent, purpose or direction.

Question two, how workable are the rules?

Using

the same scalet

at hand a five.

on a scale of one to ten,

I give the rules

It is clearly stated in the Federal

Register Notice publishing the rules that more

interpretation needs to be done before we have enough

language to run a program.

So the five rating is not necessarily a

reflection of work quality but degree of completion.

is the first time I've actually gone to the Federal

This

Register, pulled out a piece of legislation and read it,

and

read it and read it again.

There's a lot of work here, and

I can appreciate that there's more to do.

changed?

So on to question three; what needs to be

It appears to me without being able to see all the

details of payment structure,

it's going to take some work.

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Eligibility requirements don't appear workable.

Reliance on other programs to qualify is an

out-of-program question that will disallow participation and

requiring conservation activity without payment in the

program.

There are watershed limitations and there are

resource limitations.

There appears to be substantial work to be done

in this portion of the rulings.

What needs to be clarified?

Among others,

there's a phrase "management intensity," but

there's not a discussion about what that means or how that

might be gauged.

I'm sure that the evaluation assessment portion

of this program will have something to say about management

intensity, but it needs more work.

Then the portfolio

approach to conservation,

it sounds like a good idea but

let's hear what that might be.

Well,

Question five, what direction do the rules set?

the current version of the rules indicates a program

that will have limited participation.

look like there's enough money there.

Frankly,

it doesn't

Even if CSP remained

a very restrictive program, pressing needs will still need

to be addressed.

Does anyone really want to let this opportunity

provide for far-reaching,

innovative rewarding and effective

conservation to be marginal?

Only to require another round

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of congressional hearings, committee meetings, campaigning

and politicking to get back at the opportunity that we have

right now.

Thank you.

MR. WILLIAMS: My name is Seth Williams.

I

appreciate this opportunity to comment on the rules.

I'm a

4th generation farmer from Lincoln County,

which is about 30

miles west of here, primarily in grains, hay and cattle.

I've read parts of the rule, and I agree with

some of the people that have come before who have said that

the rule needs to reflect the commitment of the legislation

as a full entitlement program, and I don't think it does

especially for the first year.

I think that the local conservationists should

also be able to set criteria for soil and water quality

because that's going to be appropriate to the region.

As

people have said, we have different concerns in this region.

It might be wind,

much.

Also,

it might be soil;

it might not be water as

I don't think it's fair to limit

enrollment to watersheds.

I think it should be available to

everybody **depending on their eligibility.**

share rates seem very insufficient.

Also the cost

I don't understand exactly how the payments are

to be made, but if it's based on cost shares or on the

rental rate of one percent,

I wonder if that's going to be

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slanted towards farmers with thousands of acres in order to

get a sufficient payment out of this program.

We need enhanced payments for rotational

grazing, crop rotation and conservation buffers.

Finally,

as a second generation organic farmer, my father over the

last three years was a pioneer in organics.

All this time we were left out of almost all

programs, and naturally that system was slanted against us

so we worked at a disadvantage for **all** these years.

a program comes **along.**

Finally

Now I see that there's really no benefits,

that

we have been using these conservation practices including

not using chemicals.

So I request that that be addressed to

give people who aren't spraying or using other practices to

be given some credit up front,

thanks.

MR. STOKER: My name is Paul Stoker.

I'm a

34 year farmer.

I grow crop down in the Columbia **Basin.**

Currently **I'm** President of the Washington Association of

Conservation Districts.

I'd like to reflect some concepts

to reflect the leadership of that group.

concept.

The first concept, we do fully support the CSP

We support the program as it is passed.

We also

support the request that current rules and regulations and

laws be rewritten to reflect the Omnibus bill passed in the

last few days.

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We feel that the CSP program is effective and

support the agriculture industry in the United States.

Secondly, we very adamantly support a program that's based

on a rewards based program rather than incentive based

program.

We feel that a rewards based program will bring

great support to the stewardship of the land, and will

reverse a process in the last many years of agricultural

programs, Federal Government and the state of being at a

disadvantage.

concerns.

It will tackle resources,

issues **and**

Thirdly, because of the complexity of our state

and the complexity of this program, we find the

administration of the CSP in the state of Washington very

difficult.

We would suggest therefore that if a priority

watershed is to be established,

that a state like the state

of Washington would be a typical necessity to allow the

program to work here.

Human resources and the diversity of the

industry here makes the application CSP program exceedingly

complex and **difficult.**

In Washington in 2004 a geographic

priority watershed would be almost essential for us to be

involved in and have some kind of input as to how this would

be implemented in our state.

Fourthly,

if there's to be a selection of

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priority watersheds, we suggest that a prior watershed be

established where significant resource is actually being

undertaken, and where significant results have actually been

shown, and significant progress for those resources have

been accomplished.

To suggest that a reward for a

particular resource be established,

there has to be a proven

record in that particular resource area.

So thereforet

in order to satisfy that request,

we would suggest that local institutions or groups within

the state of Washington be involved in the selections of a

local priority watershed here to implement CSP in the year

2004.

With that,

I thank you very much.

(A recess was taken from 1:45 p.m.

until 2:15 p.m.)

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Comments continued:

MR. MUEHLEISEN: Dave Muehleisen with the

Washington State University.

I didn't have the opportunity

because I was bumbling around when I had my five minutes.

But I gave a handout to you on possibilities of the $41

millionf and that's in the record.

change that.

You have it and we can't

The question really has to come up what's going

to happen with that for this year.

I just threw out a

little, quick thing.

I have extras if anyone wants them.

It's nothing outstanding.

It's just taking what I read in

the rules,

with it.

the proposed rules, and seeing what we could do

I think that what you have with the $41 million

is to use the concepts of the watersheds and have some kind

of a pilot study for this first year.

I think that's one

subject to comment on, because that hasn't come up.

We're

not addressing what's going to happen with that $41 million.

It's not enough to actually have a program, a

national program.

It's less than a million dollars a state.

It's a small amount.

But a pilot program would be very

helpful.

CSP is so unique it's nothing like any of us have

dealt with before.

What I've written in this thing is there's a

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couple points.

You have this 15 percent Technical Service

cap, and that's a significant problem in that NRCS is no

longer going to be able to help anybody once that's up.

That's going to come up pretty quickly.

I came up with some ideas where we can try to

leverage more money out of that so that we can get more

services to the farmers so that they understand what they

have to do in this self assessment.

There's going to be a

learning curve here.

So that's going to be a problem.

Also, you mentioned in the proposed rules that

you have really wanted to use this program; you're going to

monitor this, and you're going to actually assess this

program more than you've ever done any other program.

I believe you and I think you have an

opportunity in terms of the enhancement portions of the

payments that you require monitoring for everybody that gets

a contract to make sure that we are looking at everything

that's in place, all of the practices that are in place,

make sure that they get monitored.

Also maybe even use those conservation grants

that are coming out through NRCS,

since the RFP is not out

yet **--since** it's not going to come out for a while to

enhance that monitoring assessment.

I think it could help

there as well.

pilot program.

Just use this year to start a real strong

Thank you.

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MR. CENTER: My name is Russ Center,

farmer

from Genesee,

Idaho.

Program crops are a significant part

of our operation.

I've heard some of the concerns here by

organic producer apparently this morning.

organic producer.

I am not an

We do have the first farm in the state of Idaho

certified by the Food Alliance.

I guess some of the

comments as far as the rules and the general whole CSP

concept **I'd** like to address.

I think this program can be

designed to be very inclusive.

I guess one of my concerns is though,

11m

hearing pressure to lower the bar for qualifying for

payments, and I think there should be a demonstrated

contribution to environmental benefit to qualify for this.

I don't think just because you farm that you should qualify

for payments.

I know there's going to be pressure if this

becomes an entitlement to lower the bar on this program, but

I think there's truly an opportunity to change the way the

natural resource base is managed if we reward the best.

One of the issues that's going to be I think a

concern as we get farther into this in the funding,

if there

is significant funding, we're going to have to address

concerns of the traditional program crop producer.

an annual rainfall area of 22 inches or so.

We're in

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We have a pretty diverse crop rotation, **but** any

time that we start moving away from program crop acreage, we

lose base under every program.

That's a discouragement for

rotation diversity, and I think we need to address

assurances that long term these guys that are doing the CSP

tier three activities are not sacrificing maybe program

payments in the future under another program.

So keep that in mind when --Because if this is

truly going to change the management of the natural resource

base in the U.S., we're going to have to draw into the

program crop producers.

But I don't think just because you

raise a program crop that you should qualify.

be doing something for environmental benefit.

You need to

There's a lot of issues that have not been

talked about here that could be enhancements.

about air quality,

water quality, soil quality.

You've talked

If you look

around the United states,

significant issue.

irrigation use efficiency is a

I think incentives need to be more efficient

with irrigation water so that we don't continue with the

irrigation crop plan to cities.

I think there's a lot of

potential there.

The organic producers,

they're doing

things with pesticides that I think are an obvious benefit

to the environment.

There should be incentives for things

like that,

even the growers that are using pesticides.

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We have a wide range of pesticide toxicity.

For

instance, *in* the poles crop growing region, bud control,

there's some of the old chemistry that is pretty toxic.

have incentives to use some of these more selective

pesticides.

I think that could be an enhancement.

We

Bio-fuels use is another one.

Incentives to

incorporate bio-fuels used in your operation I think would

be a very worthy incentive.

So I guess as we look down the

road and where the political pressures are going to be,

there's several messages **I'd** like to leave.

Number one, stick with reward the best.

NUInber

two, don't set the bar too low, and number three, you've got

to I guess deal with some of the concerns by the traditional

program crop growers, and at least to give them some type of

assurance that they aren't going to be cutting their own

throat by moving in this direction.

The other issue that is not addressed much in

the rules is payment limitations.

If you're going to get

the majority of the acreage in this country to be involved,

the payment limitation issue is going to be significant.

How you're going to address that I don't know, but I think

there needs to be some serious thought on that issue.

Because the health of this country is based on

the natural resources that we operate with, and to get the

most benefit, we're going to have to attract the big farms

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to this.

So there needs to be some time spent on the

payment limitation issue.

Thank you.

(No comments were taken from

2:30 p.m. until 4:00 p.m.)

(Hearing concluded at 4:00 p.m.)

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STATE OF WASHINGTON

55.

County of Spokane

I, E. Madeline Heeley, do hereby certify that at

the time and place heretofore mentioned in the caption of

the foregoing matter,

I was a Certified Shorthand Reporter

and Notary Public for Washington; that at said time and

place I reported in stenotype all testimony adduced and

proceedings had in the foregoing matter; that thereafter my

notes were reduced to typewriting and that the foregoing

transcript consisting of 39 typewritten pages is a true and

correct transcript of all such testimony adduced and

proceedings had and of the whole thereof.

Witness my hand at Spokane, Washington, on this

5th day of February, 2004.

E. Madeline Heeley *0*
CCR NO. HE-EL-EE-M30101 Certified Court Reporter Notary Public for
My commission expires: 08-

Washington
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