

**Testimony of
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Subcommittee on Conservation, Energy, and Forestry
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Mr. Chairman, Ranking Member, and Members of the Subcommittee, thank you for the opportunity to discuss the conservation programs administered by the Farm Service Agency (FSA).

FSA's largest conservation program, the Conservation Reserve Program (CRP), which was first authorized by the 1985 farm bill, has a long record of accomplishment. CRP is a voluntary program that provides a cost-effective means to address many conservation concerns on environmentally-sensitive lands (such as clean air, clean water, and wildlife habitat). Currently, CRP contains more than 31 million acres of grass, trees, riparian buffers, filter strips, restored wetlands, and high-value wildlife habitat. The experience of the 1930's and economic and societal impacts of the "Dust Bowl" demonstrates the importance of protecting our nation's most environmentally sensitive lands.

The Transition Incentives Program (TIP) provides up to two additional CRP annual rental payments to a retired or retiring owner or operator of land under an expiring CRP contract if the land is sold or leased to a beginning or socially disadvantaged farmer or rancher for the purpose of returning some or all of the land to production using sustainable methods.

FSA also implements several programs that provide emergency conservation assistance to producers. For example, the Emergency Conservation Program (ECP)—which has been in existence for several decades—provides emergency funding to farmers and ranchers to rehabilitate farmland damaged by natural disasters and for carrying out water conservation measures in periods of severe drought.

FSA administers several new programs created by the 2008 Farm Bill. For example, the Voluntary Public Access and Habitat Incentive Program (VPA-HIP) provides grants to States and tribal governments to encourage owners and operators of privately held farm, ranch, and forest land to voluntarily make their land available for public access for hunting, fishing, and other wildlife-dependent recreation. These grants provide funds to programs administered by State and tribal governments

FSA and the Natural Resources Conservation Service (NRCS) jointly administer the Grassland Reserve Program (GRP), which is a voluntary conservation program that emphasizes support for grazing operations, enhancement of plant and animal biodiversity, and protection of grassland under threat of conversion to other uses.

FSA also implements non-Conservation Title programs that have conservation effects such as the Biomass Crop Assistance Program (BCAP) and the Emergency Forest Restoration Program (EFRP) both of which require that participants have a conservation plan.

For FSA's conservation programs, the agency relies on technical assistance from NRCS, the Forest Service, the Fish and Wildlife Service, State fish and wildlife agencies, State Forestry agencies, State agricultural and environmental departments, conservation districts, non-governmental organizations, and the private sector. These partners help us with numerous activities, including technical determinations, conservation plan development, engineering design, outreach to farmers and ranchers, and monitoring the impacts of conservation programs.

Today, I will not only discuss these conservation programs in more detail, but will also discuss how we work with our many conservation partners, and indicate how we are moving forward to ensure high-quality, cost-effective program delivery.

Conservation Reserve Program:

CRP was authorized by the 1985 Farm Bill with a strong commodity supply control connection. CRP has evolved into a conservation program that increasingly targets environmental need by ranking offers in a general signup according to their environmental benefit and through a continuous signup that focuses on relatively small acreages that protect much larger areas such as buffer strips, riparian buffers and grass waterways.

CRP also created the Conservation Reserve Enhancement Program (CREP) which leverages scarce federal dollars with State and non-government organization funds to better meet local environmental needs. Under CREP, CRP helps to protect the Chesapeake Bay, salmon in the Pacific Northwest, Mammoth Cave in Kentucky and Hawaiian coral reefs. More recently, CRP has targeted enrollment of lands to achieve the goals of initiatives focused on the conservation of priority fish and wildlife resources such as wetlands, quail, ducks, and longleaf pine .

CRP provides cost share assistance and annual rental payments to farmers and ranchers to establish long-term (10 to 15 years) conservation cover (such as grass or trees) on eligible farmland. Numerous conservation practices are available including filter strips, riparian buffers, wetland restoration and high-value wildlife habitat. Annual rental payments are based on the agricultural rental value of the land, and cost-share assistance is provided for up to 50 percent of the participant's costs in establishing approved conservation practices. FSA issues about \$1.7 billion annually in rental payments to CRP participants.

USDA recently announced the results of Signup 41, which was held this past spring. Of the 3.8 million acres offered, 2.8 million acres were accepted. Signup 41 acceptances have no impact on this year's crop; accepted land currently in crops can be harvested normally. For next year, the price impacts of Signup 41 enrollment on the price of corn, soybeans, and wheat are estimated to be very modest. With 4.4 million acres expiring on September 30, 2011, enrollment is anticipated to total 29.9 million acres on October 1, 2011 (contracts for the recently-accepted 2.8 million acres begin on that date).

A Fiscal Year (FY) 2012 general signup is assumed in the President's Budget; however, no signup dates have been announced. The Secretary is committed to a strong CRP program and feels the best way to keep it strong is to accept acres with the highest environmental benefit.

A conservation plan is required for each CRP contract. FSA partners with NRCS which makes certain technical eligibility determinations and develops conservation plans. FSA is responsible for all program activities, makes compliance determinations, and consults with other federal agencies such as the U.S. Fish and Wildlife Service. FSA also partners with the Forest Service to provide conservation planning for participants installing tree practices under CRP and also the Emergency Forestry Conservation Reserve Program (EFCRP).

The environmental benefits of CRP are substantial. Since the beginning of the program, USDA estimates CRP has reduced soil erosion by more than 8 billion tons, including an estimated 325 million tons in 2010. On fields enrolled in CRP, nitrogen and phosphorus losses were estimated to be reduced by 607 million pounds and 122 million pounds, respectively, in 2010. In addition, CRP acreage reduces the impacts of downstream flood events and recharges groundwater aquifers.

There are two primary ways for farmers and ranchers to participate in CRP: the general signup provisions, such as Signup 41, and continuous signup provisions. Under the general signup, producers compete nationally for enrollment during specified periods. Under continuous signup, landowners and operators with eligible lands may enroll certain high priority conservation practices, such as restored wetlands, filter strips, and riparian buffers, at any time during the year without competition. In addition to annual soil rental payment and cost-share assistance, many continuous practices are eligible for additional annual and one-time up-front financial incentives.

Continuous Signup

The Conservation Reserve Enhancement Program (CREP) is a component of CRP continuous signup and is a partnership among USDA, tribes, States and, in some cases, private groups. Partners (generally States) generally provide 20 percent of estimated total project costs. CREP agreements address high-priority conservation issues of both local and national significance, such as impacts to water supplies, loss of critical habitat for threatened and endangered wildlife species, soil erosion and reduced habitat for fish populations such as salmon. Enrollment in a State is limited to specific geographic areas and practices. In total, FSA has 45 CREP agreements with its partner States and organizations spanning areas in 33 States.

Most CREP agreements are designed to target assistance toward a critical need or issue. Iowa's CREP agreement, for example, focuses on constructed wetlands in the Mississippi River basin. These constructed wetlands reduce nitrogen loadings in watersheds dominated by tile-drained cropland. They consist of a treatment pool and grass buffer, and range in size from 16-70 acres. Monitoring data from the Iowa project indicate that these wetlands remove 40-90 percent of the nitrate flowing into the wetlands. The cost to reduce nitrogen load by a pound in such situations is projected to be less than \$1.38 per year for 50 years.

As another example, we have CREP agreements with all the States that drain into the Chesapeake Bay watershed. Pennsylvania's CREP agreement, which has the most acreage enrolled, provides financial and technical assistance to voluntarily restore wetlands, riparian areas, and grasslands; reduce erosion; and prevent sediment, nitrogen, and phosphorus from

reaching the Chesapeake Bay. The Conservation Effects Assessment Program (CEAP) of the Chesapeake Bay estimates that nitrogen loss is reduced by 79 pounds per acre per year from acreage enrolled in CRP.¹

Farmable Wetlands Program

The Farmable Wetlands Program (FWP) is another component of CRP that is designed to restore up to one million acres of farmable wetlands and associated buffers by improving the land's hydrology and vegetation. Eligible producers in all States restore wetland benefits by planting long-term, resource-conserving covers to improve the quality of water, control soil erosion, and enhance wildlife habitat. Participants must agree to restore the hydrology of the wetlands and to establish vegetative cover, which may include planting bottomland hardwoods, cypress and other appropriate tree or wetland species. FWP practices receive the same benefits as other continuous practices such as filter strips and riparian buffers.

CRP Initiatives

CRP further targets limited federal funds by focusing on specific goals such as wetlands, longleaf pine, or wildlife. CRP initiatives include:

- **Wetlands Initiative.** This initiative was created to restore wetlands located within the 100-year floodplain, restore playa lakes and wetland complexes located outside the 100-year floodplain, and restore floodplains by establishing bottomland hardwood trees. The initiative provides vital habitat for many wildlife species, filters runoff, improves water quality, and reduces downstream flooding.
- **Quail Initiative.** This initiative was created because Northern bobwhite quail populations have declined due to habitat loss. The 350,000-acre initiative creates early successional grass buffers along agricultural field borders in the 35 States that encompass the historic ranges of the bobwhite quail. The buffers also benefit many other species, such as, grasshopper sparrow, dickcissel, and Henslow's sparrow.
- **Longleaf Pine Initiative.** The 250,000-acre longleaf pine initiative was developed to address the decline of longleaf pine in the Southeast. Its goal is to re-establish longleaf pine stands to benefit wildlife species and protect water quality.
- **Duck Nesting Habitat Initiative.** This 150,000 acre initiative was designed to restore wetlands and wetland complexes that are located outside the 100-year floodplain in the Prairie Pothole Region. It will provide critical habitat and nesting cover for ducks, sandhill cranes and other wildlife species, while filtering runoff, and reducing downstream flooding.

¹ United States Department of Agriculture, Natural Resources Conservation Service. 2011. Assessment of the Effects of Conservation Practices on Cultivated Cropland in the Chesapeake Bay Region. Final Draft. http://www.nrcs.usda.gov/technical/nri/ceap/chesapeake_bay/index.html

- State Acres for Wildlife Enhancement. This 850,000-acre initiative is designed to target high priority wildlife objectives on a State and /or regional level. The projects were targeted to create habitat for threatened and endangered species, species of special concern, and species of economic interest such as sage-grouse, lesser prairie-chicken, and ring-necked pheasant.

Transition Incentives Program

Another component of CRP is TIP which was created in the 2008 farm bill and provides \$25 million through 2012 to promote the transition of expiring CRP land from a retired or retiring owner or operator to a beginning or socially disadvantaged farmer or rancher to return some or all of the land to production using sustainable farming techniques. Under TIP, the retired party is eligible to receive annual rental payments for up to 2 additional years beyond the contract expiration provided that the land is not transitioned to a family member. Certain conservation and land improvement work may begin on the transitioned land during the last year of the CRP contract.

A retired or retiring CRP participant may apply for TIP beginning one year before the date of the expiration of the CRP contract through the end of the contract. TIP sign-up began on May 17, 2010, and as of June 9, 2011, there were 486 approved TIP contracts accounting for nearly 73,000 acres for expected outlays of \$6.5 million.

Emergency Conservation Program:

The Emergency Conservation Program (ECP) provides emergency cost-share funding (generally, up to 75 percent) and technical assistance to farmers and ranchers to rehabilitate farmland damaged by natural disasters and for carrying out emergency water conservation measures in periods of severe drought. For land to be eligible the natural disaster must create new conservation problems that, if untreated, would impair or endanger the land or materially affect the land's productive capacity and for rehabilitation matters must be unusual damage for which federal assistance is required to return the land to productive agricultural use. County FSA committees determine land eligibility based on on-site inspections of damage. Funding for this program is appropriated by Congress.

Timing of ECP assistance is critical to producers facing disasters and FSA and NRCS employees work closely at the State and county level to provide efficient and timely service. For instance, FSA and NRCS employees in Alabama are working to provide assistance to farmers affected by recent tornados. Approximately \$67 million has been allocated under ECP in FY 2011. FSA currently has approximately \$9 million available with more than \$167 million in pending or soon to be submitted requests.

FSA provides technical assistance regarding debris removal, fence restoration, and grading and shaping of damaged land and FSA has an agreement with NRCS for it to provide technical assistance for practices requiring greater conservation expertise, including restoration of conservation structures and installations as well as drought emergency measures. FSA also has an agreement with the Forest Service to provide technical assistance for hurricane disasters that affect tree stands.

Voluntary Public Access-Habitat Incentive Program:

VPA-HIP provides grants to States and tribal governments to encourage owners and operators to voluntarily make land available for public access for wildlife-dependent recreation. Funding may be used to expand existing, or create new, public access programs, or provide incentives to improve wildlife habitat on enrolled lands. USDA announced additional participating States earlier this month, bringing the total number of States participating in the program to 25 (plus the Yakima Nation). With the expanded participation in FY 2011, the program is expected to have a total cost of \$50 million.

Grassland Reserve Program:

FSA and NRCS jointly administer GRP. GRP participants voluntarily limit future development and cropping uses of the land while retaining the right to conduct grazing practices and operations related to the production of forage and seeding, subject to certain restrictions during nesting seasons. Applications may be filed for a rental contract or an easement with NRCS or FSA. Generally, FSA implements rental contracts and NRCS administers easements. NRCS provides all on-the-ground technical assistance for easements and rental contracts. Currently, 1.1 million acres are enrolled in GRP, at an annual cost of approximately \$10 million.

Moving Forward:

As you can see, FSA's programs cover a wide variety of conservation and other related needs that have evolved over time. For example, CRP has been very effective at enhancing habitat for lesser prairie-chicken and sage-grouse both of which are candidate species for listing under the Endangered Species Act. CRP also helps producers comply with regulatory actions such as the Chesapeake Bay's total maximum daily load requirements. CRP participation not only promotes the protection of environmentally-sensitive land, but can also help reduce the need for additional regulatory burdens on agricultural producers.

We are committed to ensuring that conservation programs benefit the agricultural sector as intended and protect land, improve water and air quality, and promote wildlife habitat. We are also committed to ensuring that we efficiently and effectively manage stewardship over our natural resources. In addition, we work with our partners including NRCS and the Forest Service, to ensure compliance with the law by thoroughly reviewing producer and land eligibility and needs.

We are working hard to innovate and improve program efficiency. The average government cost per enrolled acre, in inflation-adjusted terms, is significantly lower now than in the late 1980's while, at the same time, more environmental benefits are being generated. Further, FSA and NRCS have significantly reduced technical assistance costs over the past ten years. We have made changes that allow the automation of eligibility determinations and further streamlined the tasks necessary to implement technical assistance for CRP. Because of these changes, the costs of signup activities have been reduced by about 30 percent per contract for general signup and 18 percent per contract for continuous signup.

We are also committed to evaluating CRP outcomes to ensure that we best target assistance as we move forward. We undertake monitoring and evaluation work with Federal, State, university, and other partners, which provides the sound science to effectively administer CRP and other conservation programs. These analytical results have been used to develop new conservation initiatives and resulted in the Iowa CREP findings noted earlier. These results are also used to develop environmental goals for the FSA strategic plan and to guide other USDA decision-making.

Final Thoughts

In an era of reduced resources, we look forward to working closely with Congress to identify and meet critical conservation needs. We also look forward to working more closely with not only our inter-agency partners within USDA, but also with the private sector and other government agencies. By doing so, we aim to better leverage resources, share ideas, and deliver programs that ensure sustainable conservation activities and programs for agriculture and rural areas.