

**Statement of
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Nutrition, and Forestry, U.S. Senate
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Good Morning, Madam Chairwoman, Ranking Member Roberts, and Members of the Committee. Thank you for the opportunity to discuss the Farm Service Agency's (FSA's) conservation programs in light of the 2012 Farm Bill.

USDA is currently working with thousands and thousands of farmers and ranchers to implement voluntary conservation practices that clean the air we breathe, filter the water we drink, and prevent soil erosion on our agricultural lands. Over the past 25 years, farmers, ranchers, conservationists, hunters, fishermen and other outdoor enthusiasts have made the Conservation Reserve Program (CRP) the largest and one of the most important in USDA's conservation portfolio.

The CRP, first authorized by the 1985 Farm Bill, is a voluntary program with a legacy of successfully protecting the nation's natural resources, while providing significant economic and environmental benefits to rural communities across the United States. CRP protects our most environmentally sensitive lands from erosion and sedimentation, and helps sustain groundwater, lakes, rivers, ponds, and streams. Last year's dust storms highlight the importance of CRP, particularly in the historic "Dust Bowl" portion of the country, where the year-round vegetative cover on enrolled fields prevented soil from blowing away and helped mitigate these dust storm events. We are initiating a new "Highly Erodible Land" initiative to combat just such concerns, which I will describe in more depth below.

CRP currently contains nearly 30 million acres of grasses, trees, riparian buffers, filter strips, restored wetlands, and high-value wildlife habitat. This public-private partnership provides many benefits. For example, CRP reduces the costs of providing safe drinking water to constituents in both rural and urban areas. It reduces the need for agricultural disaster relief and reduces floodwater and other types of damage. CRP helps support rural economies by enhancing wildlife populations, providing jobs associated with hunting and other outdoor recreation. For example, Pheasant hunting annually brings \$250 million in economic activity to South Dakota.

As we look to the future of CRP, FSA will continue to look for ways to ensure that CRP focuses on the most environmentally sensitive acres through the general sign-up and increasingly through continuous enrollments. Given the pressure on the program from rising crop prices and from a difficult fiscal environment, it is critical that FSA ensure that the program maximize the public benefits from each acre enrolled in the program.

In addition to CRP, FSA has longstanding experience with the Emergency Conservation Program (ECP) and administers the Grassland Reserve Program (GRP) jointly with the Natural Resources Conservation Service (NRCS). We have also implemented several new programs authorized under the 2008 Farm Bill, including the Transition Incentives Program (TIP), the

Emergency Forest Restoration Program (EFRP), and the Voluntary Public Access-Habitat Incentives Program (VPA-HIP).

To implement our conservation programs, FSA relies on technical assistance from NRCS, the Forest Service, State Forestry agencies, State agriculture and environment departments, conservation districts, non-governmental organizations, and the private sector. These partners help us with many activities, including eligibility determinations, conservation plan development, outreach, and monitoring the impacts of conservation programs.

Conservation Reserve Program (CRP)

The Conservation Reserve Program provides cost-share assistance, annual rental payments, and in some cases, additional incentives to farmers and ranchers to establish long-term contracts (10 to 15 year) for conservation cover on eligible farmland. Rental payments, which total about \$1.7 billion annually, are based on the agricultural rental value of the specific parcels of land accepted into the program. Cost-share assistance is provided for up to 50 percent of the participant's costs in establishing approved conservation practices. Additional incentive payments are made when high-value practices such as riparian buffers and grass filter strips, are enrolled. We strive to enroll parcels that have the greatest conservation benefits relative to the Federal government's cost.

A conservation plan is required for each CRP contract (regardless of whether it is general or continuous signup). NRCS, the Forest Service, and technical service providers are responsible for eligibility determinations and for developing conservation plans. FSA is responsible for compliance determinations, consultations with other federal agencies, such as the U.S. Fish and Wildlife Service, and determining the environmental benefits index (EBI) for general signup CRP. (The EBI is an index used to rank and target offers.) FSA has an agreement with the Forest Service to provide conservation planning for participants installing tree practices under the CRP and EFRP.

Cropland regularly enters and leaves CRP as new land is enrolled and as CRP contracts expire. There are now 29.7 million acres in the program, down nearly 20 percent from a high of 36.8 million acres at the end of FY 2007. With contracts on 6.5 million acres scheduled to expire at the end of FY 2012, USDA recently announced that a new CRP general sign-up would begin on March 12 and end on April 6, 2012. To be eligible for general signup, land must be highly erodible, located in a conservation priority area, or be under an expiring CRP contract; land must also meet certain crop history and ownership criteria.

In addition to general signup, FSA offers year-round "continuous" CRP signup, which addresses high-priority environmental concerns outside of the CRP's general sign up process and has been steadily increasing in importance. Continuous signup grew from 3.7 million acres in 2007 to 5.3 million acres in 2012, and now constitutes about 18 percent of the 29.7 million acres currently enrolled in the program. Continuous signup enrollments are non-competitive, with parcels tending to be relatively small in size and involving buffer, wetland-related, and wildlife-directed practices. Land is targeted to achieve specific environmental concerns, such as reducing agricultural runoff and improving wildlife habitat.

FSA believes there are a number of opportunities to expand continuous enrollments in a way that focuses CRP on the most important acres. For example, on February 18, 2012, Secretary Vilsack announced a new Highly Erodible Land Initiative, which will allow up to 750,000 acres of the most highly erodible land to enroll in CRP via continuous sign-up. This initiative is targeted to lands with an erodibility index of greater than or equal to 20. These lands, when cropped, have an erosion rate in excess of 20 tons per acre per year. Through the creation of conservation covers, this initiative will not only reduce soil erosion, but also improve water quality, reduce the incidence of dust storms in the Western States, and provide substantial wildlife benefits. It complements this spring's general signup and is available to producers in all States. We will continue to identify targeted benefits from CRP through USDA monitoring and evaluation activities, including the Conservation Effects Assessment Program (CEAP), and will use these results to better focus CRP enrollment and continue to improve and adapt program management in the future.

The environmental benefits associated with CRP are substantial. Since the program began in 1985, more than 8 billion tons of soils have been prevented from eroding, helping to reduce dust storms like those we saw this past summer and protecting our nation's rivers and oceans. The tremendous reductions in nitrogen and phosphorus releases from fields enrolled in CRP also help protect America's valuable water resources. In 2011, nitrogen and phosphorus releases from enrolled acres were reduced by an estimated 623 million pounds and 124 million pounds, respectively. By providing long-term vegetative cover on the land, CRP acreage reduces the impacts of downstream flood events and recharges aquifers.

From a wildlife perspective, CRP also provides numerous benefits. For example, a jointly-authored U.S. Fish and Wildlife, U.S. Geological Survey, and University of Montana study estimates that terminating CRP would result in reductions in grassland bird populations ranging from 2 to 52 percent in the Prairie Pothole region, depending on the species. In addition, CRP has sequestered more carbon dioxide on private lands than any other federal program. In 2011, CRP reduced greenhouse gas emissions by the equivalent of an estimated 51 million metric tons of carbon dioxide.

Given budgetary pressures, the FY 2013 President's Budget proposes capping CRP at 30 million acres, down from the 2008 Farm Bill cap of 32 million acres. If passed into law by Congress, this cap would be attained by natural attrition through expiring contracts and by setting future enrollments at slightly lower levels. CRP would continue to deliver substantial benefits to producers and to conserve soil, enhance water quality, and improve wildlife habitat on the most environmentally sensitive lands. This action is estimated to save \$977 million over 10 years.

Conservation Reserve Enhancement Program (CREP)

The Conservation Reserve Enhancement Program (CREP) is a form of continuous CRP signup that involves close Federal collaboration with State governments and local partners to address geographically-specific concerns with tailored conservation systems. Both USDA and States contribute to the significant incentives that CREP offers to enhance participation, with States generally providing 20 percent of the funding. CREPs are used to protect water supplies,

improve water quality, provide critical habitat for threatened and endangered wildlife, and reduce soil erosion.

There are currently 45 CREP agreements in 33 States. Colorado, Mississippi and Pennsylvania are developing proposals for new CREP agreements. In each participating State, enrollment is limited to specific geographic areas and practices. Overall, about 1.3 million acres are currently enrolled in CREP nationwide.

As noted above, CREPs target assistance toward a wide variety of critical needs. For example, the first CREP agreement was signed in 1997 to protect the Chesapeake Bay. Now, USDA has CREP agreements with all five Bay States and CREP is a critical part of the Chesapeake Bay restoration strategy. As another example, the New York City/Catskill CREP helps farmers reduce nutrient, pathogen, and sediment inputs to streams and reservoirs that supply drinking water to New York City. For more than a decade, the Oregon CREP has been improving the water quality of streams providing habitat for nine salmon and two trout species listed under the Federal Endangered Species Act.

CREPs are also important in the Midwest. The Illinois CREP provides producers in the Illinois and Kaskaskia River watersheds with an opportunity to restore grasslands, wetlands, and certain highly erodible acres. The Iowa CREP focuses on using constructed wetlands to reduce nitrogen loadings in watersheds dominated by tile-drained cropland. 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 using such a constructed wetland approach is estimated to be \$1.38 per pound per year (based on information from the first 27 wetlands), considerably lower than the \$5.89 per pound per year for the next best removal system.

State agricultural and environmental agencies contribute significant technical assistance for CREP development and implementation, including outreach, conservation planning, and engineering services. They also monitor CREP outcomes. While states are generally required to contribute twenty percent of the total project cost, State agricultural and environmental agencies typically contribute ten percent of the total project cost in the form of “in kind” technical assistance services.

Continuous Signup Initiatives

In addition to CREP, continuous signup includes various initiatives to enroll lands that provide especially high environmental benefits. States are not required to provide funding as they do for CREPs. Moving forward, FSA believes that these targeted enrollments can play a more prominent role within CRP. In addition to the Highly Erodible Land Initiative that I mentioned earlier, these initiatives include:

- ***Wetlands Initiatives***, which were created to restore wetlands located within 100-year floodplains, to restore playa lakes and wetland complexes located outside 100-year floodplains, and to restore floodplains by establishing bottomland hardwood trees. They provide vital habitat for many wildlife species, filter runoff, improve water quality, and reduce downstream flooding.
- The ***Quail Initiative***, which was created because Northern bobwhite quail populations have declined due to habitat loss. It creates early successional grass buffers along agricultural field borders in 35 States that

have historically been the home to bobwhite quail. These buffers also benefit many other species, including the grasshopper sparrow, dickcissel, and Henslow's sparrow.

- The ***Longleaf Pine Initiative***, which was developed to address the decline of longleaf pine in the Southeast. Its goal is to re-establish longleaf pine stands, protecting wildlife and enhancing water quality.
- The ***Duck Nesting Habitat Initiative***, which is designed to restore wetlands in the Prairie Pothole region of the Northern Plains. It provides critical habitat and nesting cover for ducks, sandhill cranes, and other species, while filtering runoff and reducing downstream flooding

One of the largest initiatives is ***State Acres for Wildlife Enhancement (SAFE)***, which targets at-risk and economically important wildlife species and habitats in 35 States and Puerto Rico. About 616,000 acres are currently enrolled nationwide. One of the more popular is the Texas Mixed Grass SAFE, which has over 77,000 acres enrolled. It is designed to reconnect isolated populations of lesser prairie chickens by creating native mixed grass prairie and travel corridors. South Dakota and Washington also have large enrolled SAFE acreages. The South Dakota Pheasants SAFE contains nearly 50,000 acres and provides nesting, brood-rearing, winter-roosting, and escape cover acreages for ring-necked pheasants and other upland birds. The Washington Sage and Sharp-tailed Grouse SAFE has enrolled more than 50,000 acres that are benefiting native prairie grouse and other shrub-steppe wildlife species that have declined because of ongoing habitat loss.

Transition Incentives Program (TIP)

The Transition Incentives Program (TIP), newly authorized by the 2008 Farm Bill, provides \$25 million through FY 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 for the purpose of returning some or all of the land to production using sustainable farming techniques. Land enrolled in a CRP contract that was scheduled to expire on or after September 30, 2009, is eligible.

Under this program, 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. As of February 24, 2012, TIP payments totaling about \$20.5 million have been obligated to retiring or retired land owners or operators, with over 1,500 approved TIP contracts in 26 states totaling nearly 250,000 acres. The States with the largest TIP participation are Iowa, Kansas, Minnesota, Montana, Nebraska, and North Dakota.

Emergency Conservation Program (ECP)

The Emergency Conservation Program (ECP) provides emergency cost-share funding (generally, up to 75 percent) and technical assistance for 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. Also, the land must be so costly to rehabilitate as to require Federal assistance to return the land's productive capacity. Local FSA county committees determine land eligibility based on on-site inspections of damage. Funding for this program is appropriated by Congress.

The 2012 Appropriations Act provided an additional \$122.7 million in ECP funding targeted to counties receiving Major Disaster declarations pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act). Using this funding and carryover funding from previous years, FSA has allocated over \$102 million this year to states across the nation to help producers address damage from drought, floods, hurricanes, tornadoes, wildfires, ice storms and other types of disasters.

Timing of ECP assistance is critical to producers facing disasters, and FSA and NRCS staff work hand in hand at the state and county level to provide efficient and timely service. Assistance is provided based on agency expertise. For example, FSA provides assistance regarding debris removal, fence restoration, and grading and shaping of damaged land. In addition, FSA has an agreement with NRCS to provide technical assistance for practices requiring greater conservation expertise, including restoration of conservation structures and installations and drought emergency measures.

Emergency Forest Restoration Program (EFRP)

Similar to ECP, the EFRP helps owners of nonindustrial private forest land carry out emergency measures to restore land damaged by a natural disaster. Subject to availability of funds, county committees are authorized to implement EFRP for all disasters except drought and insect infestations (which are authorized at the FSA national office). While ECP is one of our oldest conservation programs, EFRP is new with the 2008 Farm Bill. Technical assistance for EFRP is mainly provided by State Foresters under an agreement with the Forest Service.

Like ECP, funding for EFRP is appropriated by Congress. The Supplemental Appropriations Act of 2010 provided \$18 million in regular funding for EFRP for expenses resulting from natural disasters that occurred on or after January 1, 2010. FSA has allocated virtually all the EFRP regular funding on a “first come-first served” basis. There is no EFRP regular funding available to address the \$2.4 million in outstanding unfunded requests that are not officially declared as major disasters.

The 2012 Appropriations Act provided an additional \$28.4 million in EFRP funding targeted to counties receiving Major Disaster declarations pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act). FSA has allocated over \$12 million of this “Stafford Act” limited funding (as opposed to the “regular” funding noted above) to Alabama, Arkansas, Georgia, Iowa, Massachusetts, Maine, Mississippi, North Carolina, New York, and Tennessee. There is a recent request for approximately \$80 million from Texas for wildfire and drought damage that is currently under review. The majority of this request is for counties that have received major disaster declarations, but the balance available for Stafford Act limited funding is insufficient to fund this request.

Voluntary Public Access-Habitat Incentives Program (VPA-HIP)

VPA-HIP helps States and Tribal Governments encourage owners and operators of privately-held farm, ranch, and forest land to voluntarily make that land available for public access for

wildlife-dependent recreation, including hunting or fishing. The 2008 Farm Bill provided \$50 million of mandatory funding for FY 2009-2012 for this new program. Funds may be used to install gates, fences, signage, and other related expenses. Lands enrolled in VPA-HIP must provide appropriate wildlife habitat.

VPA-HIP has been well-received. Currently, there are 26 State fish and wildlife agencies and one Tribal Government entity (the Yakima Nation) participating in the program. Nearly \$30 million in funding has been obligated to date. The FY 2012 Appropriations Act effectively ended any new obligations, or modifications to existing obligations, under VPA-HIP. Absent this language, all remaining funding would likely be expended.

The President's FY 2013 budget called for the continuation of this program and for shifting it to NRCS in FY 2013.

Grassland Reserve Program (GRP)

FSA and NRCS jointly administer the Grassland Reserve Program (GRP). GRP participants voluntarily limit cropping 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. NRCS provides all on-the-ground technical assistance for easements and rental contracts, while FSA makes payments for rental contracts and easement acquisition. Currently, FSA has 1.19 million acres under GRP rental agreements at an annual cost of approximately \$10.2 million.

The Future of CRP

We believe that CRP can become an even more valuable program over time. Through the general sign-up process and greater reliance on continuous enrollments, we believe the program can become even more focused on marginal and environmentally sensitive lands. This will ensure that CRP provides the greatest public benefit to the American taxpayer.

In an era of reduced resources, we look forward to working closely with Congress to meet critical U.S. 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.