National Farmers Union

Testimony of Jeff LaFleur

Before the:

U.S. House of Representatives

Subcommittee on Conservation, Credit, Energy, and Research

Concerning a Review of USDA Farm Bill Conservation Programs

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STATEMENT OF JEFF LAFLEUR

PRESIDENT, NEW ENGLAND FARMERS UNION

BEFORE THE U.S. HOUSE OF REPRESENTATIVES

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CONCERNING A REVIEW OF USDA FARM BILL CONSERVATION PROGRAMS

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Chairman Holden, Congressman Lucas, and members of the subcommittee, thank you for the opportunity to testify today. My name is Jeff LaFleur, and I am the president of the New England Farmers Union (NEFU), the most recently formed chapter within National Farmers Union (NFU). I am here on behalf of NFU, a nationwide organization representing more than 250,000 farmers, ranchers, fishermen and rural residents. I also serve as the executive director of the Cape Cod Cranberry Growers' Association (CCCGA). Established in 1888 to standardize the measures by which cranberries were sold (the 100 lb. barrel), CCCGA has become one of the leading agricultural organizations in Massachusetts. Cranberries are now Massachusetts' number one food crop, and the state produces nearly 30 percent of the nation's cranberry crop. I am grateful for the opportunity to review with you conservation programs outlined in the USDA Farm Bill conservation title. I will submit my full testimony for the record and focus my oral testimony on highlighting NFU's conservation priorities for the next Farm Bill.

NFU supports the conservation programs established in the 2002 Farm Bill and continues to call for full funding of each program. Full and adequate funding of all conservation programs ensures the continued protection of our soil and water resources and wildlife habitats. The 2007 Farm Bill should build upon existing programs, while encouraging further investment in new programs that benefit the environment, family farmers and ranchers, and rural America. By coupling the environmental needs of our fragile farm lands, with the socioeconomic goals of our farming communities, the new Farm Bill could do even more to create the opportunity to reward stewardship, discourage speculative development of fragile land resources and strengthen family farming and rural communities.

Rewarding family farmers for making good environmental choices should be a top priority in farm policy, since society as a whole benefits from producers who adopt farming practices that enhance water quality, wildlife habitat, energy conservation, biodiversity and carbon sequestration. Financing should be on a long-term basis, providing federal commitments for a minimum of five years. Levels of conservation assistance should reflect the standards set forth in the federal land conservation inventory, the appraisals under the Resource Conservation and Recovery Act of 1976 and other federal studies.

Conservation Security Program and Environmental Quality Incentives Program

The Conservation Security Program (CSP), one of the most innovative attempts to reward producers for conservation practices on working lands, should be fully funded in the 2007 Farm Bill and continue to offer incentives for producers to adopt additional conservation practices on their operations. For the limited number of producers who have been eligible to participate in CSP, it has come to light that USDA has not held up its end of the contracts. If the department is permitted to not fulfill its contractual obligations to participants, then the option to void the contract should be granted to the producer. NFU's carbon credit program and national buffer strip initiative, which I explain later in my testimony, could be adopted to work within the tier system of CSP.

The Environmental Quality Incentives Program (EQIP) also needs full funding in the next Farm Bill, with all funds directed to family farmers and ranchers. States should be permitted to set EQIP priorities based upon local environmental challenges. Numerous variables contribute to the soil and water composition of landscapes throughout the country, and we need to recognize that these unique conditions dictate distinct conservation needs. States are best equipped to identify where and how limited conservation funding can produce maximum benefits to both the producer and the environment.

Conservation Plans and Technical Assistance

NFU supports the development of a one-stop conservation planning system for agriculture through the Natural Resources Conservation Service (NRCS). The plan should be supervised and approved by the USDA committee process, with the technical assistance of NRCS. We recommend a single conservation plan that is developed by the farm operator, in conjunction with NRCS, in order to assure compliance with the myriad land and water regulations established by various government agencies. The producer's conservation plan should specifically address relevant, locally-identified priority problems. Objectives of the conservation plan should aim to reduce and control wind and water erosion, prevent nonpoint source pollution and enhance the soil and water capacities of the land. It is necessary to designate which highly erodible soils should not be tilled and which may be tilled with approved conservation practices. Lastly, a thorough mapping and documentation of both existing and drained wetlands, as well as any drains and channels, needs to be completed. The plan should outline the conservation of wetlands, as well as the maintenance of drains and channels.

Once a plan is filed with NRCS and implemented, a producer should be deemed to be in compliance with all federal agencies. Producers should be allowed to remedy inadvertent or unavoidable failures to carry out conservation plan practices, and penalties should be based on the degree of the violation. If a producer is working with a government agency to resolve a specific environmental problem, the producer should not be penalized for any other obstacles that are discovered, but rather, the agency should work with the producer to correct the problems.

Farmers who have a conservation plan should be eligible for stewardship payments. Payments should compensate farmers who have achieved a high level of resource protection in their farming operation. Incentives should reward both new and existing conservation practices. We support a payment system that moves toward an outcome-based approach, where real changes and environmental benefits are tracked and rewarded. All farms and ranches, regardless of what they produce, should be eligible to benefit from incentives to implement conservation minded practices. Programs should be based on voluntary automatic signup and preclude the use of a bidding system.

Loss of full federal farm program benefits should be imposed only in cases of purposeful abdication of agreed upon conservation practices. Current conservation compliance requirements allow too few options to account for local involvement, climatic conditions and geography, which are beyond the control of the producer.

Across the nation, approximately 3,000 conservation districts coordinate assistance from a variety of sources including both the public and private sectors, local, state and federal governments in an effort to develop locally-driven solutions to natural resource concerns. In my own state of Massachusetts, producers rely upon local conservation districts to provide the delivery system for federal technical assistance programs established by the NRCS. Conservation districts are often confined by strict budgets and thus are not always able to meet their conservation goals. Recognizing that conservation districts are most qualified to continually adapt to newly emerging environmental changes on the local level, NFU strongly encourages increased funding for the services they provide.

Availability of technical assistance is the key to success for NRCS programs. Individual producers rely upon technical assistance from NRCS staff or third party vendors in order to receive scientifically sound guidance on how to conserve, maintain and improve their natural resources. The 2007 Farm Bill should provide the financial resources necessary to increase technical assistance within conservation districts. Competitive bidding and multi-year contracts should be authorized in order to provide technical assistance to producers. Furthermore, technical service provider payment rates should be consistent with the prevailing regional market for similar services supplied to other industries.

We remain concerned that engineers who are normally tasked with designing field plans are now responsible for completing the paperwork associated with delivering payments to producers. Such excessive assignments divert the specialist's attention away from his/her expertise. All payment paperwork should return to the domain of the Farm Service Agency (FSA), namely the agency that excels at delivering payments to producers. FSA recognizes the needs of farmers and can accurately and efficiently meet their financial needs.

We are concerned about the repeal of Section 1241(d) of the 2002 Farm Bill, namely the regional equity provision. First established in the 1985 Food Security Act, the provision requires that, "Before April 1 of each fiscal year, the Secretary of Agriculture shall give priority for funding under the conservation programs under subtitle D to approved applications in any State that has not received, for the fiscal year, an aggregate amount of at least $12,000,000 for those conservation programs." In FY2005, the provision was fully implemented and allowed producers in 13 states to participate in additional conservation programs. The merits of sound conservation practices in the agriculture sector should be available to as many producers as possible, despite their geographic location. The regional equity provision creates a level playing field for regions of the country that may otherwise go unnoticed or underfunded in their environmental efforts.

Conservation Reserve Program

The Conservation Reserve Program (CRP) is one of the most successful programs in our nation's history. Designed to address soil erosion, water quality and wildlife habitat, CRP needs to continue to serve as a tool for producers to protect the land throughout the nation. NFU is concerned with any effort to reduce the maximum CRP acreage of 39.2 million acres or reduce funding for the program.

Contracts should be extended for periods of not less than 10 years, and ownership of CRP lands should remain in the hands of resident family farm and ranch operators. The enrollment of whole farms into CRP should be prohibited, due to the detrimental effects on rural communities.

Incentives to aid beginning farm and ranch families should be offered on land that was previously enrolled in CRP, but is not deemed environmentally sensitive under new rules and not eligible for re-enrollment. The local Farm Security Administration (FSA) committee should maintain the authority to allow producers more time to pay for their portion of the seeding costs when financial hardship is proven.

Financial and technical assistance should be provided to producers to prepare CRP acreages for sustainable agricultural systems that will meet established conservation standards. In addition, land managed with appropriate organic standards while enrolled in CRP should be eligible for organic certification upon termination of the contract.

In times of extended drought conditions or other weather disasters, haying or grazing on CRP acres should be allocated to all livestock producers based on need, with up to one-third of CRP acres being used to replenish feed supplies. Haying and grazing of CRP by a producer in a disaster-declared county should not be restricted to land in the disaster-declared county or state. The FSA farmer-elected county committees should be given authority to set the date of harvest in order to maximize the feed value of hay and forage. These regulations

should be in place so the procedures are documented in advance of a disaster. The maximum landowner income from the haying and grazing should not exceed the annual CRP contract amount for that farm.

NFU supports the following recommendations regarding CRP:

- Careful setting of the NRCS Erodibility Index (EI), which would reflect an emphasis on sensitive land, including land that impacts water quality;
- Re-enrollment funding to enforce contract requirements for adequate weed and insect control;
- Land-owner rights' to collect hunting or recreational use fees;
- High priority on long-term timber and forestry conservation projects for re-enrollment;
- Planting of shelterbelts or other measures if shelterbelts and/or wooded areas are destroyed. New trees should be required for a minimum of 10 years on equivalent acreage; and
- Continuation of the 25 percent per county acreage limits for CRP and related conservation programs.

In addition to the CRP, we support developing a short-term conservation land diversion program to allow producers to take land out of production for one to three years in times of surplus. Participants would be required to use Best Management Land Practices and be compensated based upon a percentage of the county rental rate for the land. The amount of land placed in the program would be limited to an established percentage per farm. Land would be eligible to be cropped or put back into the diversion program after the contract period.

Wetlands

The federal government should consult with state and local governments to develop a unified, mutually agreeable management program to protect our nation's wetlands and individual property rights.

We encourage Congress to study the impacts of current and forthcoming wetlands proposals on agricultural producers, family timber operations and rural communities, giving careful consideration to identifying and separately regulating any artificially created wetlands. Induced wetlands should be exempt from wetland restrictions. Requiring recertification of wetlands at five-year intervals creates a moving target for producers in their compliance efforts. While we support a single, coordinated approach to wetlands protection, producers must be provided full opportunity to participate in the development and review of regulations.

We reaffirm our support for making the NRCS and FSA the lead agencies in wetlands delineation on agricultural lands. All wetlands determinations throughout the United States should rely on the presence of the following three mandatory criteria simultaneously appearing on the same site year round: 1) hydrology; 2) a predominance of hydric soil; and 3) a prevalence of hydrophytic vegetation. Any leaseholder, renter or owner should be compensated equitably for the taking of lands through the classification of wetlands. Landowners should be able to move water within the contiguous boundaries of their own property without regulation, interference or easements. Lastly, water outside the boundary of a wetland should be considered sheetwater and not subject to jurisdiction by state or federal agencies.

NFU's Carbon Credit Program

There is growing public concern that global climate change may be responsible for more severe hurricanes, shrinking polar ice and glaciers, droughts, floods and other disruptions in our climate. Increasing energy prices are also peaking the public's interest in renewable fuels, alternative energy sources, energy conservation and other practices that reduce greenhouse gas emissions. As stewards of the land, Farmers Union members want to help protect the environment and our natural resources.

The newly established Farmers Union's Carbon Credit Program is a voluntary, private-sector approach to conservation. The program allows agriculture producers and landowners to earn income by storing carbon in

their soil through no-till crop production, long-term grass seeding practices, native rangeland and forestry**.** For two years, North Dakota Farmers Union (NDFU) and NFU worked to gain approval from the Chicago Climate Exchange (CCX) to aggregate carbon credits and enroll producer acreages of carbon into blocks of credits that are traded on the CCX.

Converting to no-till crop production and long-term grass seeding practices results in higher levels of carbon stored in the soil. Producers can now earn income in the carbon credit market for storing carbon, thereby reducing greenhouse gas emissions.

Immediately after the end of the calendar year, carbon credits are placed in the Farmers Union trading account and sold. The individual producer receives a share of the sale proceeds (less a 10 percent administrative fee to NDFU) immediately after the credits are sold. The concept of carbon credits trading is similar to dealing with any other agricultural commodity exchange such as the Minneapolis Grain Exchange or the Chicago Board of Trade.

Producers are credited with 0.2-0.6 metric ton of carbon for each acre of eligible no-till cropping and 0.75 ton per acre for qualifying grass stands each year of the contract. The price per ton on CCX varies every trading day, but current prices are about $3.70 per ton. That equates to about $1.50 per acre for no-till and $2.50 per acre for grass stands, less the aggregation fee.

In addition, each year 20 percent of the proceeds due are placed in an escrow account, or carbon bank, that is paid in a lump sum at the end of the contract. This provides an incentive for producers to complete all terms of the contract. There are also penalties for early termination of land management practices.

In the greenhouse gas debate, the concept of emissions caps and higher costs of carbon offsets may eventually provide the incentives to more efficiently use energy. A similar cap and trade market developed regarding sulfur dioxide emissions in the acid rain debate a number of years ago. Over time, the cost of credits or offsets became high enough to force companies to place scrubbers on smokestacks, replace the highest emission plants and build newer low-emission facilities. Lowered emissions resulted from the market-based sulfur dioxide allowances trading, and acid rain and its damage were lessened. That may hold true for carbon emissions as well.

In the meantime, if agricultural producers can adopt economically successful and environmentally sound land management practices that reduce or offset carbon emissions, and can get paid for it, it creates a “win-win” scenario for all involved.

New Buffer Strip Initiative

Buffer strips play a key role in maintaining healthy, productive farms, as well as protecting fragile and vital waterways throughout the country. When designated appropriately, buffer strips help producers maintain their best land in crop production and make good use of marginal land. Conservation buffers, which remain permanently vegetated, help control pollutants and manage environmental problems; other practices considered as buffers or closely associated to them are hedgerow plantings, grassed waterways and streambank protection measures.

NFU proposes a new buffer strip practice for inclusion in the 2007 Farm Bill; the program would build upon the proven success of past buffer strip initiatives by rewarding producers for planting no-till perennial vegetation on production lands adjacent to waterways and beyond the already designated conservation buffers strips. Lands located close to water sources are amongst the most fertile agriculture lands and are often the most lucrative in terms of production and return on investment. If farmers were fairly compensated for planting no-till perennial vegetation that could be harvested for the production of biofuels, used for hunting

purposes, hayed/grazed for livestock, capturing carbon or other non-disruptive purposes, then producers, the environment and the American public all stand to reap the rewards.

This undertaking requires significant collaborations among various agencies within USDA, as well as the expertise of researchers who could identify regions of the country in which this program could be most successful. In order for this program to succeed, it must be developed in the best financial interest of the producer. Therefore, funding levels per acre must at least equal the value of the land if it had been left in crop production.

Some would say this would be an expensive endeavor. We challenge those to look at the total overall cost of cleaning our waterways; significant costs that are born by federal, state and local agencies. NFU believes paying for cleanup in retrospect of a situation is much more costly than preventative measures. Current clean up, related to the dead zone in the Gulf, drinking water resources, restocking marine life or others, could be significantly reduced with expanded buffer strips. Addressing this challenge will most likely be beyond the purview of the agriculture committees, but we must end the piecemeal approach and begin a comprehensive approach to protecting our water resources.

As mentioned earlier in my statement, I believe both the carbon credit program and buffer strip initiative could be established to work within the existing tier system of CSP or adopted as new tiers of participation. The goals of the programs are not impossible, but it will take the will of Congress to make these initiatives a reality.

Interactions with our nation's natural resources do not need to set agricultural producers in opposition to the environment. As NFU members have demonstrated for many generations, farmers, ranchers and fishermen are our best environmental stewards and their astute understanding of the natural world deserves to be recognized and rewarded.

With that Mr. Chairman, I thank you again for the opportunity to testify. I would be pleased to take any questions and thank all of the members of the subcommittee for their support of and work on these important issues.