

**STATEMENT FOR THE RECORD**

**By**

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GOVERNOR of KANSAS**

**Before the**

**SENATE COMMITTEE ON AGRICULTURE, NUTRITION AND FORESTRY**

**UNITED STATES SENATE**

**August 25, 2011**

Chairwoman Stabenow and members of the Senate Committee on Agriculture, Nutrition and Forestry, it is truly my pleasure to welcome you to the great state of Kansas. I am most proud to welcome back home my good friend and colleague — Senator Pat Roberts. His personal commitment to support the agriculture industry has made a difference in the life of every farmer and rancher. Kansas agriculture has always been in good hands as a result of his leadership. As we celebrate our state's 150th anniversary, it is extremely appropriate to recognize the importance of agriculture to our state and the nation by hosting this hearing.

Kansas has a strong agricultural tradition that predates its statehood. It continues to be a significant contributor to the state's economic well-being, and is also the state's largest industry. Even during trying economic times like these, Kansas agriculture provides Kansans with jobs and the opportunity to flourish. Agriculture is our state's largest industry. Your presence here is a reminder to Kansans of the importance of agriculture and a reminder to the nation of the importance of our state's most significant contribution to the U.S. economy.

My testimony today will focus on the policy options related to the Ogallala aquifer. Agriculture is key to the economic vitality of Kansas and water is key to agricultural production. In Western Kansas, we have a tremendous, but not unlimited, resource in the Ogallala aquifer. The vitality of the western portion of the state depends heavily on agricultural production and businesses supported by this water resource.

On July 21, 2011, I hosted an economic summit on the future of the Ogallala aquifer. This summit was one of a series of economic summits we are holding in Kansas to help develop our plan for economic growth. Nearly 400 stakeholders were in attendance.

The hard work, determination and leadership of farmers and ranchers in Western Kansas have created an agricultural economy that is of tremendous benefit to Kansas and the world. The First Congressional District of Kansas, home of my good friend Senator Roberts, is the number one congressional district in the nation in terms of the value of agricultural products marketed.

The top five counties in agricultural sales in Kansas represent 24 percent of the state total. All five top counties in agricultural sales are in Western Kansas and the heart of the Ogallala aquifer.

The Ogallala aquifer is vital to the Kansas economy. It is the main source of water for all uses in the Western third of the state. Counties located above the Ogallala aquifer account for roughly two-thirds of the state's agricultural economic value. Without Ogallala resources, agriculture and all of its related businesses could not be sustained, manufacturing could not continue, recreational opportunities would diminish and the communities in the area would cease to exist.

The Farm Bill provides critical federal support for soil and water conservation. New and modified programs are needed to achieve significant and permanent water conservation in areas of severe decline in the High Plains aquifer. The High Plains aquifer, of which the Ogallala is the dominant portion, is a resource of national concern. High-capacity well pumping, an increase in irrigated crop production and periodic droughts have all contributed to long-term, declining water levels.

Kansans understand the severity of this issue and are working together to develop state solutions to address the challenges of the declining Ogallala. However, in order to truly make an impact, a multi-state approach accompanied by appropriate federal policy is necessary.

- *High Plains Groundwater Resource Conservation Program*

I recommend inclusion of this program in the Farm Bill. It would provide payments to water right holders through the USDA in exchange for retiring all or a portion of their water right. The payment would be equal to the difference in the farm program payments received for the land over the past 10 years, and the estimated payments which would have been received in those 10 years on non-irrigated land or reduced irrigation, depending on whether they are retiring all or part of their water right. This could be taken as a lump sum payment, or as an average spread out over those 10 years.

States could be given the opportunity to administer the program themselves — and can combine these payments with state-level incentives to retire the water rights. These payments would guarantee the water right holders would not lose money on their farm program payments by switching to dryland production over the 10-year period. This guarantee would remove one barrier from producers considering retiring their water right. In combination with state-level programs, like the Water Transition Assistance Program (Water TAP) currently being used in Kansas to retire water rights in high-priority areas, and federal tax credits for donating water rights to the state, this would add another level of incentives for water right retirement, and help preserve the aquifer for future generations.

- *USDA-Risk Management Agency: Limited Irrigated Crop Insurance*

Kansas supports implementing limited or deficit irrigation, in which a producer reduces by several acre-inches the water applied on a crop. New crop hybrids and irrigation tools make limited irrigation an option that is more profitable than dryland crops, minimizes the negative economic impacts to the regional economy and can achieve conservation goals with widespread adoption.

Crop insurance is an important risk management tool to producers. Currently, there is no crop insurance for a limited irrigated crop. A field may be insured as fully irrigated or as dryland. When the amount of irrigation water is reduced to less than full crop demand, dryland production is the only insurable option even with some irrigation applied.

Kansas, along with Nebraska and Colorado, has been working with personnel from the USDA-Risk Management Agency (RMA) Regional Field Office, and the USDA RMA in Kansas City. The USDA-RMA has given tentative approval to develop and offer limited irrigated crop insurance in these three states perhaps as soon as 2012 if certain products, procedures and milestones can be met in time. We encourage resources directed to RMA to implement a limited irrigated crop insurance product in 2012. During the severe drought of 2011, many producers have opted to use a portion of their 2012 water allocation in 2011. This will reduce their allocation in 2012, and a limited irrigated crop insurance product will be a valuable option for them.

- *USDA-Natural Resource Conservation Agency: EQIP - Ag Water Enhancement Program*  
The Agricultural Water Enhancement Program (AWEP), established in the 2008 Farm Bill as part of the Environmental Quality Incentive Program (EQIP), is to improve water quantity and quality. The Ogallala aquifer was specifically noted in this program as a priority area. To significantly impact the Ogallala declines, AWEP flexibility is necessary to implement new and innovative approaches to water conservation.

Kansas supports permanent full or partial irrigation water right retirement, in defined priority decline areas where additional water right development is not allowed. Partial water right retirements are reduced from the historic “wet” water use.

NRCS’s position has been to provide support for implementation and foregone income, but not to provide incentive payments. The AWEP contracts are typically five years with six years of implementation. Enrolled fields can be put back into irrigated production after the contracted period. The foregone income is based on the short term period of the contract. It does not reflect the permanent conservation of water by a full or partial water right retirement, and the subsequent permanent land use change. AWEP must have the ability to make payments that reflect a change that would be legally permanent.

It may also be appropriate to consider assigning the administration of AWEP to USDA Rural Development to provide the flexibility the program needs so it can address the water resource directly.

- *USDA-Natural Resource Conservation Agency: Increase targeted implementation of programs.*

Programs are targeted through several filters including eligibility, ranking mechanism, cost, and designation of Conservation Priority Areas. As stated in the USDA Economic Research Service Economic Brief Number 2 (March 2006), targeting has improved program performance, but could do more. Priority areas could be reduced to smaller units and incentives could be increased to ensure practices are applied to areas with the highest potential for addressing multiple environmental benefits.

- *USDA-Natural Resource Conservation Agency: Limit participant payments not to exceed the cost of practice.*

EQIP payments are determined each fiscal year in the Kansas EQIP Practice Payment Schedule based on a payment rate per unit (acre, cubic feet, cubic yard, feet, etc). Although not typical, the producer payment provided, based on the schedule, can exceed the actual cost to implement the practice. Currently, the program is limited to the payment schedule and excess payments cannot be returned to NRCS. The money saved by capping the payment not to exceed the cost of the practice could be used towards additional applications.

- *Funding agriculture research for low water usage crops such as sorghum.*

Dr. Kirk Schulz, president of Kansas State University, will share with you the critical nature of research funds in the next Farm Bill. Agriculture research supported by federal programs has led to amazing advancements in biotechnology, leading to increased production and more beneficial cropping systems. Sorghum is one of the most drought tolerant cereal crops currently under cultivation. It offers farmers the ability to reduce costs on irrigation and other on-farm expenses. Targeted research on sorghum production can lead to increased usage of more water efficient crops and decreased water usage in areas such as the Ogallala region.

I love agriculture. I love Kansas. I love our rural communities. As Governor, I am committed to lead our state down a path of economic growth — including growing the agricultural economy. In order to sustain long term economic growth, we must address the challenges of the aquifer. We are committed in Kansas to work with our stakeholders, create incentives and eliminate disincentives to conserve, and make progress in sustaining the life of the aquifer. We ask you to partner with us in this endeavor to save one of our greatest resources.

Again, welcome to Kansas, and thank you for the opportunity to speak before you today.