

Mr. Chairman and Members of the Committee -

My name is Gordon Gallup and I am a Board Member of the National Association of Wheat Growers and Chairman of the NAWG Environmental Policy Committee.

I am pleased to appear before the Committee to present joint testimony on behalf of the National Association of Wheat Growers, the National Cotton Council, the National Corn Growers Association, the American Soybean Association and the USA Rice Federation on implementation of the conservation title of the Farm Security and Rural Investment Act of 2002.

We would like to thank you and the committee for your leadership in helping to craft a conservation title for the 2002 Farm Bill that represents, in the words of the Bush Administration, "the single most significant commitment of resources toward conservation on private lands in the Nations history."

This was accomplished by greatly expanding successful programs such as the Environmental Quality Incentives Program (EQIP), the Conservation Reserve Program, the Wetlands Reserve program and others. These programs are voluntary, incentive-based programs that our producers have found extremely useful and that have resulted in numerous environmental benefits.

During the Farm Bill you extended programs such as, the Wildlife Habitat Incentives Program offer farmers a unique opportunity to receive NRCS technical assistance and cost share monies to install conservation practices improving wildlife habitat on private lands. We support the program's state and locally-driven habitat priority setting process, and also NRCS's coordination role with private partners like Ducks Unlimited and the National Association of Conservation Districts in implementing the program at the ground level.

You also created promising new programs such as the Grassland Reserve Program, which authorizes enrollment of up to 2 million acres of restored, improved, or natural grassland, range land and pasture land and the Conservation Security Program which, if properly implemented and administered, can provide an unprecedented opportunity to increase conservation practices and generate positive results on private working lands.

Our organizations appreciate the difficulties NRCS faced in attempting to write a proposed rule with ever changing budget parameters and we understand that they have been diligently working to get regulations finalized in order to begin contracting process with producers. Unfortunately, the recent proposed CSP rule from NRCS is not as extensive as our producers had hoped. Most of our producer members are concerned that this program, in its proposed form, will not be accessible to them in the foreseeable future.

One primary concern to our producers is the definition of an agriculture operation in the proposed rule. The proposed requirement that a contract application must include all lands that a producer has under "cohesive management" and the requirement that an applicant must have control of the land for the life of the contract will likely prove to be challenging, especially when applied to diverse operations. We encourage consistency of farm definitions between farm programs and conservation programs administered by USDA.

Enactment of the 2004 Omnibus Appropriations measure removed funding limits previously imposed on the CSP program. The CSP was created to be operated as a mandatory program without arbitrary limits and we believe Final Rule must reflect the mandatory status of the program at the current time and must include extensive revisions to the budget driven application, implementation and eligibility requirements in the proposed regulation. In all years, the payments need to be revised to reflect the full payments under the law. The proposed rules and recently released notice on enrollment are constructed as if the program will be capped instead of based on the law.

It is clear that the intent of Congress was for the CSP to be a program for all producers on all working lands addressing one or more resources of concern on all or part of their farming operation.

Many of our members are concerned that this program not be targeted at the "bad actors" who have not been ambitious in addressing conservation concerns. We believe it should be utilized to reward producers who have been very aggressive in addressing conservation needs and can qualify for Tier 1 conservation maintenance and that it is accessible to producers who want to expand their conservation activities. The Secretary's stated goal of "Rewarding the best and motivating the rest" should certainly be adhered to as this program is implemented.

However, the concept of priority watersheds remains problematic. If you are fortunate enough to be included in a priority watershed you may be able to qualify, if not you're out of luck at least for several years. The law didn't contemplate this program being run as a quick pick lottery. And shrinking the base payments from 5%, 19% and 15% to 1/10th of those respective amounts for Tiers I, II and III, as well as reducing the 75% cost share will make it difficult to encourage producers to participate.

Another area of concern for our members is the ongoing debate over funding sources for technical assistance. It appears that interpretation of the provisions of the farm law and language added to the 2003 Omnibus Appropriations measure have eroded program resources as well as the confidence and support of our members.

For example, last year the EQIP program was initially authorized at \$700 million. The appropriations committee reduced it to \$695 million. Year-end funding stood at \$558 million as a result of the interpretation that requires EQIP to contribute funds for technical assistance requirements of the Conservation Reserve Program and the Wetlands Reserve Program.

We understand that the Congress passed Farm Bill the 2002 during a time of budget surplus and it is being implemented during a time of budget deficits. Clearly there are increasing pressures to restrain domestic spending, but the farm law was written in compliance with the Budget Resolution in effect at the time. Therefore, the programs authorized in the Farm Bill and signed into law by the President just nearly two years ago should be implemented as authorized.

Each of our organizations, along with the American Farm Bureau Federation and the National Farmers Union, have corresponded with Congress indicating our strong opposition efforts to amend, alter or siphon off funding from programs included in the Farm Security and Rural Investment Act of 2002. Nor do we believe that one conservation program should be funded at the expense of another, or that Title II is funded at the expense of Title I. The 2002 Farm Bill should remain intact with original funding commitments honored. Our producer members make long term planning decisions and altering support levels provided in the Farm Bill will cause severe disruption across the farming community. It is vitally important that we retain the balance we achieved during the Farm Bill. Our present conservation programs have served us well and we have no doubt programs in the future will serve us the same. Congress must protect Farm Bill to ensure that there are farmers on the ground to put these programs into practice.

In closing, Mr. Chairman, we want to emphasize several important principals that should remain priorities as implementation of the new farm law continues.

First, we believe each conservation program should pay it's own technical assistance. However, we sincerely hope that an administrative solution can be found to accomplish this objective.

Second, we believe the Conservation Security Program be implemented and funded as originally intended by Congress in the 2002 Farm Bill and we ask for your active support to realize this hard fought goal.

Finally, we will continue to oppose any attempt to amend, alter, or divert funding away from Farm Bill programs as authorized by Congress and signed into law by the President just over a year ago. Farmers need a consistent, predictable long-term policy in order to make sound investment, cropping and marketing decisions and to compete in a world market replete with subsidies, tariffs and non-tariff barriers.

We appreciate this opportunity to present our views and we will be pleased to respond to

questions at the appropriate time.