

Chairman Crapo, Ranking Member Lincoln, members of the committee, I am John Hansen, President of the Nebraska Farmers Union. Our National Farmers Union represents over 260,000 independent, diversified, owner-operated family farms and ranches across the nation. We appreciate the opportunity to appear before you today to discuss the conservation programs of the 2002 Farm Bill. In the interest of time, let me get right at our list of conservation considerations.

Our National Farmers Union policy, set by our members, is very clear on the issue of conservation funding. We strongly support public funding for soil and water conservation programs and the necessary technical support to properly implement them.

As farmers and ranchers, we acknowledge and accept our stewardship responsibilities to protect our natural resources for the generations to come. As businessmen and women, we recognize that we operate high-risk, low-return businesses adversely damaged by noncompetitive and concentrated agricultural markets, and that unlike other players in the food economy we do not, nor can we, pass on our costs of doing business. As farm credit borrowers, we realize the primary concern of our agricultural lenders is not the long-term protection of our natural resources for the future, but the short-term protection and repayment of their operating loan plus interest.

We believe that the 2002 Farm Bill is a long overdue step forward in conservation funding, while providing new initiatives and the expansion of existing programs. Like many of my Farmers Union counterparts, I am actively involved in helping make these conservation programs work I currently serve as a member of the Nebraska State Technical Committee, the Environmental Quality Incentives Program (EQIP) Subcommittee, and the Conservation Security Program Committee (CSP) Subcommittee.

The good news is that conservation program funding has increased. The bad news is the funding for the necessary technical assistance to help our farmers and ranchers put often complex conservation systems into operation has not kept pace with dramatically increased workloads. Our local governmental entities in Nebraska responsible for soil and water conservation and our Natural Resource Districts used over one million dollars of local property tax revenues last year to fund additional clerical support staff to help NRCS implement federal conservation programs, yet we are still falling behind. We ask for your help in badly needed additional funding for NRCS technical support staff.

The good news as far as the conservation programs themselves go is that our farmers and ranchers really do want to use these programs to protect and enhance our natural resources. Demand for conservation programs far exceeds funding. In my home state of Nebraska, I counted \$263 million in sign up dollars requested in Nebraska for EQIP, Grassland Reserve Program, Wetland Reserve Program, and Wildlife Habitat Incentives Program. We were able to

fund about \$28 million. Demand was nine times the available funding.

The Conservation Reserve Program (CRP) continues to be a heavily utilized program by our producers for a wide variety of reasons while providing a wide range of soil and water benefits. Nebraska currently has 1.1 million acres enrolled in the Conservation Reserve Program, down from our state high of 1.425 million acres. CRP is used as the base for the development of many additional programs and considered to be the single most important program for our fish and wildlife resources.

Our Nebraska Game and Parks Commission has invested state funds in three programs that enhance CRP acres. The Conservation Reserve Enhancement Program (CREP) at \$250,000 per year, the CRP-MAP program to encourage public access at \$550,000 per year, and a new jointly funded program with Pheasants Forever, Focus on Pheasants at \$200,000 per year.

I am also encouraged that we are now making available more conservation programs for grazing lands restoration and protection, which in my judgment has been lacking. And because of the diversity of regional resource needs, we are using advisory committees to reflect the diversity that helps appropriately tailor our programs.

With respect to new conservation initiatives, National Farmers Union supported wholeheartedly the landmark Conservation Security Program (CSP) provision of the 2002 Farm Bill. But, we are very concerned that USDA has announced its plan for implementing the CSP in a severely restricted manner. By using a national watershed scheme to limit and determine participation in and eligibility for the program, a full-scale nationwide program as written in the farm bill law, is not possible.

While it's true a full-scale nationwide program for 2004 is not feasible because of a \$41 million budget cap for FY '04, it is also true that the CSP FY04 budget cap comes off at the beginning of the new fiscal year in October of this year and the program returns to its 2002 Farm Bill status as a conservation entitlement program. We can only assume that the USDA proposed rule funding restrictions are intended to apply for 2005 and all future years. This should not happen.

It appears to us that the approach being taken by USDA is in direct opposition with the intent of the law as written, and will effectively eliminate the CSP as the nationwide, comprehensive environmental program intended by Congress in the farm bill. Congress made a promise to farmers and ranchers when the bill was signed into law. We urge Congress to keep that promise.

Over 14,000 farmers and other citizens wrote to USDA in response to the CSP proposed rule

released at the beginning of the year, the most comments by far ever received by USDA for a conservation program. The overwhelming majority of those comments rejected the restrictive watershed approach, as well as other key problems with the rule, including the low payment rates. We urge the Administration to heed the public input gathered by USDA, and reverse course in the upcoming rule to implement the CSP for 2005 and beyond.

We fear that the current USDA approach will cause a very divisive and nonproductive fight for funding between livestock producers and crop producers, between geographical regions of the country, and between working lands conservation versus non-working lands conservation. That kind of battle may well spell the doom of the CSP. The farmers and ranchers of the National Farmers Union do not want that to happen.

If I could summarize our views in a nutshell it would be that

? All the conservation programs in the 2002 Farm Bill should be implemented as Congress intended when it enacted the law, especially the Conservation Security Program.

? USDA should be encouraged to carefully record, consider and respond to public input on conservation programs rules. (The overwhelming public concern and negative responses expressed regarding the proposed CSP rule is an example of what we suggest as important public input)

? Funding for technical assistance to implement the farm programs must be increased to reflect the increased workloads. We should use mandatory program funds to finance both the financial assistance and technical assistance costs of the farm bill conservation programs.

? In Nebraska alone, the demand for EQIP, Grassland Reserve Program, Wetland Reserve Program, CRP and Wildlife Habitat Incentives Program was nine times the available funding. Congress must recognize this pent-up demand and provide for more opportunities for ranchers and farmers to participate in conservation programs.

? The landmark Conservation Security Program (CSP) provision of the 2002 Farm Bill should be put in motion as a full, nationwide and unrestricted program as written in the law. No reduction or limiting structures or schemes should be instituted in contradiction to the intent of Congress.

We look forward to working with you and your Senate colleagues in the days ahead to help fulfill the promise of the expanded conservation provisions provided for in the 2002 Farm Bill so that our farmers and ranchers have the tools they need to help protect our soil and water resources for the generations yet to come.

Thank you again for this opportunity to share our views with you today.

