

My name is Randy Loutzenhiser. I am a dry-land and irrigated crop producer in eastern Colorado as well as the Past President to the Colorado Association of Conservation Districts.

Senator Harkin, I thank you and your fellow members of the Senate Agriculture Committee, including Colorado's own Senator Salazar, for holding this field hearing in Colorado. It is an honor to be considered and invited to appear before you folks and submit the following testimony in to record.

I will start with a comment that I made in a contributing page to the Colorado Conservation District Supervisors Handbook. "The face of Colorado's agriculture and natural resource arena comes with numerous external pressures; socio, economic, political and that of continual change in our annual climate. These pressures necessitate district boards that are willing to make sound conservation decisions, provide strong representation for the landowners of the district and exercise involvement in coordinating district natural resource conservation activity." This comment becomes the foundation to my testimony provided today at this hearing "Colorado Views on Federal Agricultural and Rural Policies: the 2007 Farm Bill".

Certainly, within the State of Colorado, we have been witness to that of our climate and economic conditions. A six to eight year span of less than normal precipitation, has left agriculture's producing fuel tank running more to the empty side than the full.

Drought plagued rangelands have resulted in the sell off or downsizing of livestock herds because the resource base simply is no longer there to support traditional grazing numbers. Poor dry-land crop production, coupled with depressed commodity prices in the grains complex, until this past year, have significantly impacted producer's bottom lines. Irrigated agriculture faces extreme pressures as the battle for water between; urban influxes, industry, state to state river compact obligations and agriculture's need for water compound themselves in these dry years. Our states forested lands have come under threat of disease and insect pressures thus increasing the chances for wildfires.

Now enter into this equation the ever increasing cost of production and you have a scenario that has left agriculture producers vulnerable to this way of life as a result of their diminished equity. As producers strive to hang on to their operations by cutting expenses, rural communities, their infrastructure and their school systems are left vulnerable to families moving away because employment opportunity can no longer be supported. Bottom line, the agriculture dollar has become tight and is no longer passing through the doors of Main Street businesses the way it once did. Additionally within this equation lies the natural resource base by which we produce and practice stewardship. As the opportunity for profitability erodes so does the capability to address and implement conservation measures, whether it is by federal cost-share program or independent effort. It is a repeat of the bust cycle, in the boom and bust cycles of agriculture.

Remarkably, within this time frame of drought, and do keep in mind a period of that time being recorded as the driest on record, we have not been witness to the massive billowing dust clouds that garnered the attention of the public nationwide in the 1930's and was the inception period for Conservation Districts and the NRCS as we know them today. That's not to say we have not seen this valuable resource in the air on high wind days. Let that serve to us, the importance

of conservation efforts to our food-producing factory, the soil. May it remind us of the efforts of producers, both past and present generations that have managed lands in a strong stewardship fashion. May it sharpen our awareness of those choosing to enter into the federal arm of the government to assist producers in conservation implementation because of their inherent desire for natural resource enhancement and protection, in addition to their obligations to the integrity of federal conservation programs and taxpayer dollars. Finally, might that dust remind us of the 70 + year old mission of strong Conservation District leadership, a locally led process which over the course of time, has helped to guide both producer and program so that we do not repeat in mass acreages of soil erosion like that of 1930's.

Politically and socially, our nation's tax paying public, environmental organizations and foreign trade communities have influenced the shape of USDA policy and Farm Bill program structure. The past two decades of Farm Bill Conservation Title activity has transitioned awareness from simply that of soil stewardship, towards that of the well being of our nation's private lands entire environmental landscape. There is the awareness that production agriculture, when given the financial resources to properly manage the land from an environmental point of view; is the pathway to open space, can serve to mitigate greenhouse gas concerns and provide a source of energy that can move us away from dependencies on foreign oil, does provide grassed buffers that lead to cleaner water supplies, are the habitat providers to wildlife species and can assist in the recovery of threatened and endangered species, and as illustrated earlier implement measures that reduce the risk of soil particulate matter in the air.

All of this, while providing a very inexpensive yet safe and abundant supply of food that assists in keeping the citizens of this nation fed, and just as important deters the threats of civil disobedience that can loom because of nationwide hunger and food scarcity. We are a nation of natural resource fortune. Certainly as deliberations move forward on the Farm Bill and particularly the Conservation Title, all of Congress needs to understand that this food and fiber resource base delivers many benefits to society. Throughout history nations have learned hard way that should the natural resource base and those who care for it be allowed to erode away, in other words that abundant supply of food be taken for granted with no concern for producer sustainability which would also include their ability to be environmental land stewards, then a land of poverty rather than prosperity those nations became.

CONSERVATION CONSIDERATIONS IN COLORADO

CONSERVATION RESERVE PROGRAM:

CRP - Pressures to this program will be bio-energy production and at present time higher commodity prices. Considerations need to be given as to the amount of Tax Payer dollars that have been pumped into these lands in rental payments over the years and should congress ramp up measures that protect this investment and the environmental benefits that these lands would now garner, (In Colorado throughout the lifespan of the contracts some of this land has received in rental payment, a value greater than the cropland value) or will it be a program that flops to the greater long term objectives because of the financial incentive to break the grass out and produce crops, generating a return greater than that of the current rental payment. Will FSA

have to continually alter the rental rate structure to keep pace with the cash rent that will be dictated on agriculture cropland as a result of commodity prices? Additionally, Congress as well as the environmental groups that have been riding the CRP bandwagon will need to give strong consideration to livestock grazing and a program that would create incentives to producers to leave these lands in grass, thus continuing to provide a more secure environmental safeguarding the CRP investment has made, rather than these environmentally sensitive lands falling victim once again to the plow. In Colorado I would consider Class IV and higher lands the least productive for dry-land cropping and most vulnerable to the forces of nature.

The National Wildlife Federation, in my opinion, has shot themselves in the foot regarding their recent win in the lawsuit filed against USDA and the CRP Managed Haying and Grazing Program, because they have created every disincentive for producer participation in this program (Notice CRP-537) and the greater long term realization of permanent vegetative cover in a grazing regime. Should these lands fall subject to the plow because of disincentive for remaining in CRP then the habitat objective this organization was trying to achieve and maybe more importantly the long term objective to overall resource protection has gone by the way side.

Within the 2007 Farm Bill deliberations Congress should give strong considerations to the:

Establishment of a "Conservation Reserve Transitioning Program"

Develop within the CRP program the mechanism that would allow 1st & 2nd generation contract holders, that will fall under CRP contract extensions come 2007, the opportunity to graze CRP lands in a managed rotational grazing system, in similar fashion as to the CRP Managed Grazing Program. The difference would be, that for the sacrifice of cropland base, relinquished to CCC, the contract holder would have the right to utilize EQIP or WHIP cost share funding to establish rotational cross fencing and watering and would be granted the right to graze under a managed grazing plan while under contract extension. The ultimate objective to this particular program and to the enrollees into this program would be to condition and transition these lands back to private working lands by the end of the extension period.

The grazing plan would be developed locally by NRCS, with input from the local Conservation District Board of Supervisors and State affiliated conservation partners to incorporate strategies that best stimulate the resource, provide wildlife enhancement and improve ecological processes (nutrient and water cycles) throughout the contract period. It would incorporate a site inspection by NRCS Range Conservationists and Soil Scientists, to determine the carrying capacity, grazing time and grazing duration on an annual basis to best reflect the goals of the transitioning process with regard to the condition of the CRP resource and climatic conditions. Upon contract expiration, these lands could then be entered into an easement attached program of determinant years that maintain a permanent vegetative cover and a grazing regime through the managed grazing plan based upon sound science for resource safe-guarding.

Without livestock stimulation to CRP, the resource value in vegetative mass and cover begins to decline and the incentive to convert to a grazing program becomes economically difficult upon final contract expiration.

The creation of this enticement and mechanism would:

? Potentially reduce the number of acres on the CRP roll.

? Establish a healthier resource base upon contract expiration at less risk and greater incentive to contract holder.

? Reduce the temptation of converting highly sensitive CRP lands back into cropland, thus exposing these sensitive lands to the elements and risking environmental degradation.

? Provide a mechanism that would reflect under contract, a true managed rotational grazing system utilized on private working lands.

? Maintain a resource base under a managed grazing program and easement that would additionally give consideration to wildlife nesting periods on portions of that land while at the same time provide producers the latitude to utilize the grazing portions of the land in a timely fashion and in accordance to livestock grazing palatability opportunities on an annual basis.

Final position to these statements:

In consideration of the long-term objectives to CRP, the priority is to create incentive in maintaining this highly sensitive former cropland into a long-term vegetative resource based working lands. By providing an opportunity for producers to "hit the ground running" with permanent rotational grazing through "The CRP Transitioning Program", we provide the necessary incentive to maintain these lands under permanent vegetative cover.

Current CRP Managed Grazing Program:

The current CRP Managed Grazing Program does not mirror a true private lands grazing system because of the 5 year rotation factor as ruled in court in the lawsuit filed by the National Wildlife Federation and the critical nesting date (July 15, Colorado), which inhibits grazing when palatability to livestock is most desired. However, this program does maintain merit to remaining in the CRP toolbox for contract holders not wanting to revert to permanent grazing systems, yet may need the resource during periods of dryer conditions in order to maintain their herd and give rest to traditional grazing lands.

Conservation Security Program

Acceptance into the CSP program hinges on ranking criteria based on a limited funding pool. Educating district clientele and establishing district service programs that can provide assistance to clientele for program development as it would relate to their operations, in the years prior to watershed eligibility, can become a double edged sword, should the funding reward be the only guiding force. Granted conservation is implemented on the land as producers posture to attain greatest program benefits. However, as the bar of eligibility rises through the years because of the hold down on funding and thus tighter ranking requirements imposed, some producers, producing in a qualified fashion as it would relate to the environment and quite possibly the

program as implemented in previous years, may not get into the program. CSP entry becomes contingent based more so on the current year level of funding, criteria and competition rather than a program that uniformly "rewards the best". It will be several years before these producers become eligible for program entry, because of program structure and evolution. Thus, discontent is generated and financial gain goes unrealized for environmental safeguarding efforts. "Damned if you do" if reward is the driving force.

If the district does nothing to educate and prepare clientele for CSP, leaving it completely up to the producers to wade through the education process for enrollment and few producers take advantage of that self education process, resulting in a small acceptance rate ratio (applications received : applications accepted) then its "Damned if you don't".

Is this program equitable from one year to another because of the funding equation and ranking criteria? Will some producers who may have superior operations than those of preceding years possibly not make it into the program because of this issue or perhaps because of deficiencies from one watershed to another based on year of eligibility? As this Nation, Administration, Congress and OMB begins to question the accountability of USDA programs and their function to environmental benefits attained by producers, must we not also question the level of waste in time, energy and funding for producers going through the process and not accepted because of the ranking criteria. It is not only field office time and effort (taxpayer), it is producer time and effort as well.

1. Set the criteria standard for minimum qualifications at a high level and offer a single tiered approach for acceptance or:
2. Move to the two tiered system as suggested in the USDA proposal.
3. Stream line and make application process more efficient.

Environmental Quality Incentives Program

Maintain local workgroup latitude and area program input to adequately and fairly address the conservation needs of USDA customer locally, regionally and state wide. This program should be resource driven and locally led with sufficient flexibility to identify local priorities and concerns

Maintain State Technical Committee guidance for state level representation of the conservation partnership.

Utilize a state ranking criteria, which is better able to address the conservation issues within the state rather than a National ranking process that may create inequities.

Relax requirements for cost share rate adjustments that are above 50% that take into consideration catastrophic related climatic conditions hindering economic viability to producers. Streamline the application process for this program to improve efficiencies within the current program options.

Make Rangelands a Nation Priority Issue

According to the 2002 Natural Resource Inventory, Non-federal grazing lands account for approximately 578 million acres nationwide and comprise 43% of our nations private working lands. Land use devoted to rangeland accounts for 405.3 million acres, while pastureland

equates to 117.3 million acres and grazed forestland comprises 55.1 million acres of the 578 million total.

As a resource concern, our nation's rangelands, that is the 405.3 million acres and their native plant communities need to be a National Priority. As a resource priority, native vegetative species, water quality issues, erosion and wildlife habitat will be targeted. Often times rangelands fall into Class III, IV, V, or VI land classifications, and garner tremendous attention from an environmental point of view.

Widespread drought has severely affected rangeland in the Western United States where the bulk of these acres are located. This has resulted in loss of beneficial plant communities and an increase of invading species communities. Exposure to wind and water erosion becomes prevalent, and a decline in effective water filtration will result in increased sedimentation. With the loss of beneficial plant communities also comes the loss of beneficial wildlife habitat. Overuse and mismanagement, as livestock producers struggle to stay in business, becomes a tremendous burden compounding the likelihood of a negative environmental balance. Specifically the enhancement of beneficial plant community and the diversity of that plant community, the reduction of soil erosion and sedimentation, the improvement of wildlife habitat and it's community and negative impacts developed by the drought should be addressed under this resource priority.

Make Water Quantity a National Priority Issue

Water and its consumptive use in the arid west has always been an issue of critical concern. The drought of the past six years has placed this issue in the forefront of the many conservation issues that the Western United States face. Along with the lack of average seasonal precipitation, demand for this limited resource generates from an increased population influx, recreational activity, added industry, state-to-state river compact obligations and endangered species mitigation. Irrigated agriculture's interest in this water equation proceeds to diminish as demand for other uses of water becomes greater.

In an effort to maintain irrigated agriculture as a viable industry in the West, prolong the lifespan of freshwater aquifers and surface reservoirs, and mitigate waters demand issues in Western States, water conservation as it relates to quantity should be considered as a National Priority, separate from the water quality issues. It is recognized that NRCS has the Ground and Surface Water component under EQIP and I would recommend also ramping up that component to EQIP.

Bio/Alternative Energy (Sub titled Rural Economic Development and Recovery)

First congress need to instate as national policy an inherent desire to reduce our reliance on fossil based energies. If the science truly indicates that fossil based energies are bad for the environment then we should move in the direction of alternative energies. Bio based energy become a carbon neutral scenario and wind and solar are as clean as you will get. There can be some significant consequences in developing infrastructures to handling the current demand for

doing so without a Nation Energy Policy in place to protect that infrastructure.

Secondly, when consideration to the alternative energies are being given consideration by congress, they also need to give consideration and benefit for this development to evolve itself in the rural out reaches to bring forth community economic prosperity, enhance the enrollment in our rural based schools, and provide added security to maintaining viable farming and ranching operations. Nationally the average age of the agriculture producer is around 60 years old. Congress needs to understand why this is. The incentive is to leave the farm or ranch, largely because the financial reward in relationship to the cost of production in agriculture has continued to diminish, while opportunity away from the farm has flourished. Let's bring the industries of bio and alternative energies to the country side and provide for vertical integration to the agriculture producer. The problem in the west is that because of drought and increased costs to production, capital to invest is not available.

Thirdly, consideration will need to be given to protection of the natural resource base for the production of the bio energies so as to not completely harvest to the ground every carbon based crop that can be utilized for energy production in the name of economic gain, leaving our soils vulnerable to erosion and creating the threat for a whole new list of wildlife species awaiting the T&E species protection docket.

Grassland Reserve Program

Simply stated this program garnered a lot of attention in Colorado, it just did not have enough dollars dedicated to it to meet the demand. Urban sprawl and development creates the necessity for this program to be expanded in order to protect valuable agriculture lands suited for livestock production.

Conservation Technical Assistance

Along with the programs, needs to come the funding mechanism that places the technical expertise to the natural resource base and producer. Additionally, strong consideration needs to be given to the producers and land users that go it alone without program assistance yet desire the services and expertise offered through NRCS personnel.

The demand for technical assistance continues to increase from all agriculture constituencies including farmers, ranchers, producers that manage rangelands and grasslands, forest landowners and landowners in urban growth and developing areas. It is critical to continue the wide range of soil, water, air and habitat benefits private landowners provide to the general public. These benefits are achieved through proper land management and the adoption of conservation practices, through the Conservation Technical Assistance Program and each of the Farm Bill Programs.

Respectfully Submitted into Testimony,

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