

**Statement of Darrel Mosel
Farmer, Darrel Mosel Farm, Gaylord, MN**

**Hearing on Strengthening Conservation in the Farm Bill
U.S. Senate Committee on Agriculture, Nutrition and Forestry**

February 28, 2012

Good morning Chairwomen Stabenow, Ranking Member Roberts, and Members of the Senate Agriculture Committee. Thank you for the opportunity to testify about the value and practical use of the farm bill working lands conservation programs from a farmer's perspective. I believe these are some of the most important investments that our farm bill makes in ensuring food security, protecting our natural resource base, and keeping farm families farming.

My family and I operate a 600 acre diversified crop and dairy operation in Sibley County near Gaylord, Minnesota. I have been farming for 32 years. At present, half of our farm is managed organically and half, which is rented acreage, is conventional. Roughly 40 percent of our acreage is corn, 30 percent is soybeans and about 30 percent is split between small grains and alfalfa, in a diversified crop rotation. We milk Holsteins and operate a small feedlot. We have about 150 cattle on the farm at all times.

Roughly 25 percent of our crops are fed to our livestock and the remaining portion is marketed through various means. A portion of our corn goes to the local ethanol plant, Heartland Corn Products, in which we own shares. The organic crops are typically sold to individual farmers seeking organic feed. For example, just last week I sold a semi load of corn to an organic poultry producer in southern Iowa. And some portion of our crop is also sold through the local elevator or co-ops in the Gaylord area.

I am a member of a number of farm organizations and am here today as a farmer member of the Land Stewardship Project (LSP). LSP is a non-profit organization located in Minnesota dedicated to fostering a stewardship ethic and developing sustainable agriculture systems and strong rural communities. LSP is one of the 40 member organizations from all around the country that comprise the National Sustainable Agriculture Coalition, a grassroots alliance that advocates for federal policy reform to advance the sustainability of agriculture, food systems, natural resources, and rural communities.

Sibley County has been blessed with productive soils and it's been our family's good fortune to have the opportunity to farm in this community. Both of my sons, Christopher and Michael are hoping to join the farm operation or farm on their own, and I hope they can do that. But just like most agricultural areas, we have natural resource demands. In our area particularly, soil and wind erosion along with nutrient runoff are serious concerns.

It is my fundamental belief that we farmers need to be good stewards of the land. Despite the pressures we face, we must constantly ensure that what we are doing from year to year will not hinder the land's ability to provide both for ourselves and for the greater community now and long into the future.

During my three decades of farming, I have had the opportunity to participate in a number of USDA conservation programs, including the Environmental Quality Incentives Program (EQIP). The program played a key role in helping me take initial steps to protect and enhance natural resources on my land. EQIP is an essential piece of USDA's conservation toolbox, providing one-time cost-share payments for structural practices as well as initial cost-share support to farmers who want to begin to increase their level of stewardship through management changes.

There are several issues within EQIP that should be corrected in the next farm bill. **First, in order to ensure the program is achieving results and the biggest bang for the buck, progressive planning requirements should be restored.** A progressive planning requirement was at one point applied to EQIP; however, the program currently has no planning standard at all. Re-instituting an EQIP progressive planning requirement will help ensure that practices funded by the program are aimed at solving resource problems. Under progressive planning, all funded projects would address priority resource concerns and promote progress toward (though not necessarily achievement of) the non-degradation or sustainable use criteria for those priority resource concerns. In these difficult fiscal times, it seems to me important to ensure we are spending limited and much in demand conservation assistance dollars with specific goals and outcomes in mind.

Second, the farm bill should eliminate the separate and unequal \$20,000 payment limitation for organic farmers through the EQIP Organic Initiative. The same EQIP payment limit should apply regardless of type of farm. I have not personally made use of the EQIP organic provision from the 2008 Farm Bill, but as a producer who is partly organic, I can attest to the unfairness of holding organic producers to a much lower payment limit than all other producers. The new farm bill should end this inequity.

At the same time, however, we should expect the program to serve as many farmers as possible and thus to put some reasonable limits on how much any one farmer can expect to receive. **Third, therefore, EQIP funds should be better targeted to increase program effectiveness and save money.** The program-wide payment limit for EQIP should be reduced to \$200,000 in any five-year period, or \$40,000 per year in the case of annual management practices.

In addition to EQIP, I have also had the opportunity to take advantage of the Conservation Stewardship Program (CSP). This is a program that allows farmers to farm and at the same time enhance the conservation performance and environmental outcomes of their operation. I believe that CSP is a shining example of what's right in farm policy.

The CSP is a whole farm and comprehensive working lands conservation program administered by USDA's Natural Resource Conservation Service (NRCS). Unlike EQIP, its primary focus is management and vegetative practices. CSP targets priority resource issues in specific states and watersheds, paying farmers for the adoption of new conservation enhancements and the active management of ongoing conservation activities to help solve priority resource concerns. CSP payments are directly calibrated to environmental benefits derived from particular practices and conservation systems.

In 2009 I received a 5-year contract worth right about \$15,500 a year, slightly more than the national average that year, and slightly less than the national average in 2010 and 2011. I received support for actively managing and maintaining conservation practices such as no-till, waterways, and grass

buffers, and was also enabled to add a series of new conservation activities on the farm to help be an even bigger part of the solution to the major resource concerns in our watershed.

One of conservation enhancements that I elected to use that really fit my farm was the resource-conserving crop rotation. A few years back, because of some erosion issues, I worked with NRCS to use the Environmental Quality Incentives Program to lay contour strips on a portion of the farm. That EQIP support was important to get the practice in place. Now with CSP and its resource-conserving crop rotation enhancement, I can actively manage those strips with a good crop rotation combined with a limited tillage approach. We now have an excellent long rotational system that also incorporates those additional conservation measures. In my experience the two programs, EQIP and CSP, complement each other while being distinctly different in what they offer.

Another CSP conservation enhancement that I took advantage of was re-establishing shelterbelts on the farm. These can be really important in addressing wind erosion, wildlife habitat, and protection of the farm site. In Minnesota, we are facing a decimation of our Ash trees, which are under attack from the Emerald Ash Borer. Ash trees populate many of the shelterbelts in our area, including ours. I'm now implementing a planting regiment that re-establishes a variety of trees to address this threat and enhance the shelterbelt. Without CSP, it's unlikely that I would have done this.

The pressures in agriculture are immense. I am concerned that we are losing a diversity of crops and farms that are good for rural communities, the environment and our economy. I believe CSP is part of the answer to helping maintain that diversity on the land. Without the Conservation Stewardship Program it would have been more profitable the last couple years to plant my entire farm into one crop like corn, but with the Conservation Stewardship Program I was able to maintain a four crop rotation which helps reduce erosion and provides for greater wildlife habitat.

The Conservation Stewardship Program helps farmers use their management skills to maintain and enhance the land and the food, fiber, and fuel that it produces. In the first three enrollment years (2009, 2010, and 2011), CSP enrolled 30,197 farmers and ranchers operating nearly 38 million acres of farm and ranch land that is now under five-year, renewable CSP conservation contracts. In each of those years, demand for the program exceeded acreage available by about two to one, resulting in very competitive enrollments.

In its latest iteration, the 2012 sign-up for CSP is offering 37 conservation practices and 68 conservation enhancements as well as the supplemental payments for resource-conserving crop rotations. A conservation measurement tool (CMT) is used to assign environmental benefit points to each practice and enhancements. Conservation performance is tied to how effectively the activities and enhancements address the priority resource concerns for the state or region within a state, and payment rates are calibrated directly to expected environmental benefits.

The enhancements are unique to CSP and help drive advanced conservation. For instance, for cropland, some of the top ranking enhancements include continuous cover cropping, using cover crops as nitrogen sources, resource-conserving crop rotation, continuous no-till, extension in the size and scope of riparian buffers and field borders, transition to organic cropping systems, and advanced high level integrated pest management. Top livestock enhancements include intensive managed rotational grazing, rotation of feeding and supplementation areas, and managing access to water bodies and streams.

Top wildlife and biodiversity enhancements include restoration of rare and declining habitat, establishment of pollinator habitat, prairie restoration, and renovation of windbreaks and hedgerows. About 20 percent of all the conservation enhancements and practices selected by CSP farmers to date have been specifically designed for wildlife habitat benefits, though many of the soil and water activities in the 80 percent balance also have positive indirect wildlife benefits as well, making it a very wildlife-friendly program.

While agronomic commodity crops not surprisingly represent the majority of CSP cropland enrollments to date, specialty crops have nonetheless fared quite well. Data is not yet available from 2011, but in just the first two years, NRCS reports that 1.8 million acres of enrolled farmland reported specialty crops as the primary farm enterprise. It is difficult to know with precision what percentage of that total is land planted to specialty crops, but if it was even just half of the total, it would still represent over seven percent of total specialty crop acres nationwide. The program is also serving rangeland and ranchers. By the end of the current 2012 enrollment process there should be between 8 and 10 million acres of rangeland in the program. It is truly a national program serving all of agriculture, while at the same time zeroing in on the priority local resource concerns.

As deliberations continue on the next farm bill, I urge members of this committee to maintain a strong funding base for the Conservation Stewardship Program. That is my main recommendation. I wish more of the farm bill were like CSP.

Beyond a strong funding base, there are a number of changes that could be made to increase the program's effectiveness and make it work better for farmers and ranchers. I recommend that the following improvements be made to CSP in the next farm bill:

- **Increase the national average CSP payment by at least a modest amount to enable the program to support higher cost, bigger environmental payoff conservation activities.** If necessary, the cost of the change should be offset by modestly reducing the total nationwide annual acreage enrollment goal. By statute the average payment per acre for CSP is \$18 nationwide. As a result of trying to meet this national average, some conservation practices, especially on cropland, are undervalued and underpaid relative to what it actually costs the producer to implement these practices. In some cases, the payment by USDA to implement conservation practices is less than half of the income forgone by the producer to implement the practice.

In my view, the Committee made a reasonable guess back in 2008 as to what a reasonable average cost per acre would be, but now, with three years of experience and a fourth sign-up in process, it has become clear that if the average rate were a bit higher, the program would do even better at encouraging management-intensive, high pay-off conservation activities.

- **Simplify the program while zeroing in on rewarding environmental benefits and an outcome-based approach by eliminating the five statutory factors used to rank CSP applications. Instead, applications should be ranked solely according to the environmental benefits score secured by the total conservation system.** Currently, the majority of the “ranking factors” used to rank CSP applications are crediting producers for implementing new conservation activities, meaning that new conservation activities are given far greater weight than active management of existing conservation activities, even if the environmental benefits of each are equal. Every aspect of the CSP regulation and program design, including payment formulations and

ranking, should keep the focus on outcomes, and thus should focus on adaptive management and continual improvement, not on the timing of initial adoption.

- **Increase the stewardship requirements and thresholds.** A key aspect of the CSP is for the farmer participant to help address priority resource concerns in a region or watershed by exceeding prescribed stewardship thresholds through a combination or suite of conservation practices and activities. The stewardship threshold is an excellent idea and the Committee is to be congratulated for including it in the last farm bill. It could be further improved in the next farm bill in two ways:

- First, **increase the stewardship value of CSP contracts by requiring participants to meet or exceed the stewardship threshold for at least two additional priority resource concerns by the end of the stewardship contract, in addition to the one stewardship threshold that applicants must meet at the time of the contract offer.** In watersheds with three priority resource concerns, this would mean exceeding all the thresholds for all the priorities by the end of the first contract period.

- Second, **the stewardship thresholds themselves should be increased.** This upgrade could be accomplished in one of two ways. The preferred method would be to direct NRCS to set them based on the Quality Criteria for the Resource Management System (the non-degradation or sustainable use) levels for the particular resource concerns. A second best approach would be to at least set them based on actual data from CSP sign-ups to date, using enrollment data to move thresholds closer to the cut-off point for acceptance into CSP. Data from the first two CSP signups suggest that the current stewardship threshold levels were initially set too low by NRCS. Some mid-course correction has already been made by NRCS, but more should be done. Increasing the thresholds will also increase the conservation value of the program.

- **Change the regulatory mandate for the first new enhancement from the first contract year to the first payment year.** It is unfair and unrealistic to mandate, as NRCS now does, that conservation activities be implemented a year prior to the first CSP payment. The first CSP payment to a producer is made in October (the start of the new fiscal year) following the contract year, and then every October thereafter for the term of the contract. Given that payment schedule established by statute, it does not make sense to mandate the adoption of at least one enhancement in the first year of the contract. Such a mandate requires the farmer to pay the full cost of the enhancement well before the first payment. While there will certainly be some enhancements where this is possible and some farmers for whom it might be possible in any event, and while it should certainly be encouraged wherever it is possible, it is blatantly unfair to make this a universal mandate. The impact on limited resource, beginning, and socially disadvantaged farmers and ranchers is particularly severe.

- **Explicitly direct NRCS to include comprehensive conservation planning as a conservation activity.** While the language of the 2008 Farm Bill encourages comprehensive conservation planning as a conservation activity within CSP, it was sadly not included in USDA's final rule for the program. Supporting conservation within the context of planning helps clarify choices and improve long-term outcomes. Comprehensive conservation planning could be delivered as a conservation enhancement, or it could receive ranking points within the Conservation Measurement Tool (CMT) but receive a payment calculated separately from the CMT. The

Committee did the right thing on this issue in the last farm bill, but now needs to remove any remaining bit of ambiguity to ensure comprehensive conservation planning is actually included by NRCS as an option in the future. Doing so will also further increase the long-term conservation value of the program.

- **Allow a farmer to apply for CSP enrollment on land enrolled in a Conservation Reserve Program contract that is expiring at the end of the fiscal year in which the farmer applies for CSP enrollment.** If the CSP contract is accepted by the Secretary, CSP payments in the first fiscal year of enrollment would be contingent on the expiration of the CRP general sign-up contract and the cessation of CRP payments on the land enrolled in the CSP. Land enrolled in the CRP is not eligible for enrollment in the CSP. NRCS has interpreted this farm bill language to mean that producers cannot even apply for CSP while their CRP contracts are active.

Unfortunately, CRP contracts all end September 30, the last day of the fiscal year; so unless the CSP application deadline for a given fiscal year is extended, a landowner would have to apply to CSP after September 30 and, if accepted, wait until October 1, a full year later, to receive their CSP payment. This is clearly a disincentive to practicing good stewardship on expiring CRP lands. Millions of acres are set to expire from the CRP over the next several years. This simple change would provide an opportunity for producers to maintain conservation values on this land as it transitions back into working land for crops or livestock.

- **Allow producers to renew their CSP contracts so long as they have satisfied all previous contract obligations and increased their conservation score since the previous renewal by addressing additional resource concerns or adding or improving conservation activities within existing resource concerns being addressed.** Currently, CSP contracts can only be renewed once. This creates a barrier to fulfilling the purpose of the program, to advance ongoing, iterative and adaptive land stewardship to maintain and improve environmental performance.

- **Increase program transparency** by requiring USDA to develop and publish within 18 months of enactment a user-friendly and interactive version of the Conservation Measurement Tool (CMT) online so that interested producers can explore how differences in their baseline answers and enhancement choices change their scores and the environmental outcomes for their farms and ranches as they work through the tool.

Beyond publishing a working version of the CMT online, the 2012 Farm Bill should require USDA to make every effort to increase accessibility and transparency in the delivery of the program. For example, USDA should make scoring information about conservation enhancements, bundles, and practices available in an easy to understand format for study both before and during application and run contract scenarios with farmers and ranchers upon request. While the CMT serves an important administrative function for the CSP, and indeed is one of the great advances toward an outcome and performance based approach to conservation, the program will not achieve its full potential until users can learn for themselves and with the assistance of NRCS how maintaining and changing their management practices impacts their CMT conservation performance scores.

- **Strengthen support for farmer-driven On-farm Research and Demonstration within CSP.** On-farm Research and Demonstration is currently offered as a CSP enhancement within the CMT rather than an "additional payment," as the 2008 Farm Bill stipulates it should be offered. Basing

research and demonstration payments on the actual costs of the project and, where applicable, income forgone, would be more logical and make it more attractive and understandable to the producer. For payment purposes, the Farm Bill should direct NRCS to take On-farm Research and Demonstration out of the CMT point value structure and stipulate that these payments be made on a more traditional basis of simple cost calculations. Using CSP participation to also further the research objectives of the agency and the farmer creates a very valuable double payoff for the public investment, but the way the agency is delivering this option currently is discouraging participation and needs to be changed.

The CSP is a unique program that provides comprehensive conservation assistance to agricultural producers and gives states the flexibility to decide, on a statewide or watershed basis, what conservation issues to prioritize for enrollment. It is critical to improving water and air quality, increasing biodiversity and wildlife habitat, and protecting the soil and enhancing soil quality to provide lasting food security. It is the only program that rewards farmers on a whole-farm basis for actively managing, expanding, and improving existing conservation activities and adding new ones. It is critical that the program receive strong financial support from Congress in the next farm bill. At the same time, there are real and significant improvements that should be made to the program in the next farm bill, as outlined above.

I appreciate this opportunity to share my experiences and speak to what I believe is an effective approach to supporting farmers, the soil, and the environment, and I will be happy to try to answer any questions you may have. Thank you.