

Good Morning, I am Gene Schmidt a farmer from Hanna, Indiana. I farm 1600 acres of seed corn and soybeans, 120 acres of wheat, and about 900 of my acres are irrigated. I serve on the Executive Board of the National Association of Conservation Districts representing the North Central Region of the United States. I also serve on the board of the La Porte County Soil and Water Conservation District.

On my farm, I practice conservation tillage and schedule irrigation to utilize water in the most efficient manner. I utilize grid soil sampling, yield maps, and data to plan my nutrient application.

Across the United States, nearly 3000 conservation districts -- almost one in every county -- are helping local people to conserve land, water, forests, wildlife and related natural resources. We share a single mission: to coordinate assistance from all available sources -- public and private, local, state and federal -- in an effort to develop locally driven solutions to natural resource concerns. More than 17,000 volunteers serve in elected or appointed positions on conservation districts' governing boards. Working directly with more than 2.3 million cooperating land managers nationwide, their efforts touch more than 778 million acres of private land. We work with landowners across the country, urban, rural, row crop farmers, ranchers, forest landowners and specialty crop producers in the plains and on the coast, so we know that no one program, practice, or policy will work for everyone. Each day, conservation districts see the demand for technical assistance to apply conservation practices to land, both through Farm Bill programs and through Conservation Technical Assistance.

The 2002 Farm Bill substantially increased the authorized federal spending on conservation programs by \$17 billion. The technical assistance needed to implement the new and expanded conservation programs would have strained the existing delivery system. As NRCS did not have the staff available to meet the increased technical assistance needs the law required USDA to provide the needed help to producers "directly, or at the option of the producer, through a payment to the producer for an approved third party, if available," thus creating the Technical Service Provider (TSP) Initiative.

NACD strongly believes that the use of third party public and private sector technical assistance to help implement conservation programs should be seen as a complement and supplement to, not a replacement of, the existing delivery system. Conservation districts have been a partner in the federal/state/local conservation delivery system for over 60 years.

Conservation districts' participation under the TSP initiative is through individual contribution agreements where districts operate under a 50/50 match between NRCS and State conservation agencies, state associations or individual districts. These agreements identify certain dollar figure, hours, or a person to assist in delivering technical assistance. They may also allow for the use of an administrative level district employee to assist with paperwork, thus freeing up the time of technical experts to focus on field visits and delivery of the technical assistance.

NACD feels that this flexibility for the states to develop agreements that meet the local and state demands is important - whether it is additional technical staff, or finding ways to utilize time and financial resources more efficiently with administrative personnel working in an office so technical professionals can work in the field with landowners. In some districts the 50/50 match has been a barrier to participation due to lack of District funds. NACD continues to work with districts to identify non-federal sources of funding for their portion of the match.

The expertise of district and NRCS employees is an important complement to the private sector system. Conservation districts' longstanding relationship with NRCS and with the farming community at the local level puts us in a unique position to deliver technical assistance both through the TSP initiative and through other avenues. Conservation districts have developed relationships with landowners and are looked upon as a trusted source of information and assistance. And as you know, this relationship is vital in farming communities. NRCS certifies TSPs in 42 different technical service categories, from certified conservation planner to wildlife and fisheries interdisciplinary engineering. Those certified TSPs are listed on the government's website <http://techreg.nrcs.usda.gov>. Currently there are over 2500 TSPs on TechReg, with the highest number in the land treatment, nutrient and pest management categories.

The data from across the country for fiscal year 2005 shows that of total TSP dollars (approximately \$53 million), conservation districts received about 9% of those funds to deliver technical assistance. According to USDA, a majority (62%) of those funds from fiscal year 2005 went to private entities, and a majority of the assistance provided was for nutrient management. The majority of funds for TSPs come through the Environmental Quality Incentive Program (EQIP), followed by the Conservation Reserve Program (CRP) and Conservation Technical Assistance. States can meet the TSP goals, developed by NRCS, USDA and the Office of Management and Budget (OMB) by contracting directly with private entities, through producer acquired contracts and through contribution agreements.

In Indiana, we utilize a variety of approaches through the TSP initiative. The TSP initiative has grown from \$600,000 to about \$1 million over the last four years. In 2003, the state focused on nutrient management, pest management and comprehensive nutrient management plans. This year is the first year the TSP initiative was opened up to include additional practices, but will predominantly focus on implementing EQIP contracts.

Our utilization of the TSP funds in Indiana has been 50% Architect & Engineer (A&E), 26% individual producer acquired assistance from TechReg (website), 10% contribution agreements, 6% other agreements. Under the A&E category, the state can "bundle" work, such as Comprehensive Nutrient Management Plans (CNMPs) and contract with one business for all CNMPs in the state or a region. In Indiana, the districts provide technical assistance support on

engineering and "checkout" of approved conservation practices.

Direct contacts with companies can ease writing contracts for NRCS, and also be a more reliable source of business for the third party (as opposed to working on individual, producer acquired contracts). In Indiana we didn't have people in-state to undertake the work on CNMPs and that expertise came from outside the state. Now there are Indiana entities that have the qualifications and expertise to do this work.

Conservation Districts in several states are participating in contribution agreements. In Illinois, the districts have undertaken over \$1 million in technical assistance for CRP and EQIP, meeting the technical assistance needs of the state. This year several districts have applied for contribution agreements to continue this work and districts are now hearing the status of their applications. It is expected that NRCS will be able to fund about half of the agreements that were put forward to deliver technical assistance. The agreements provide district employees to assist with conservation planning, field checks, planning waterways, filter strips, fencing and other assistance as needed - as long as the district employees are qualified (meeting proper certification and training requirements) to complete the work. The agreements are specific to each district, but could be based on a payment rate for part of an employee's time, or specify a dollar figure for a specific practice or completion of a plan. The cost per plan or structure is determined by NRCS.

In Massachusetts, NRCS partnered with the state association to fund nine additional staff to provide technical assistance and administrative assistance to NRCS and district offices. Through this 50/50 contribution agreement NRCS and the Massachusetts Association of Conservation Districts partner to fund the Accelerated Conservation Planning Program providing employees to work from 4 different offices across the state. Four are administrative staff and five are technical conservation planners that have been trained and are certified by NRCS. This partnership is vital to assist in the delivery of state Department of Agricultural Resources (DAR) programs and federal conservation programs. These state programs required input from District and NRCS field offices and the contribution agreement allows for these employees to assist in the delivery of technical assistance including conservation planning, but also meet the demand of the state for information. The program has resulted in greater efficiencies in the offices, improved communication and greater understanding between DAR and NRCS on the information needs of each agency and increased coordination of workload.

Another USDA project that is assisting in providing technical assistance is the Agricultural Conservation Enrollees/Seniors Project (ACES). This pilot program is operating in several states and links the conservation knowledge of recent retirees and/or former employees with the growing conservation technical assistance demand. The project is modeled after one operating at the Environmental Protection Agency and allows participants over the age of 40 to work 20-40 hours per week assisting an NRCS employee. Those participating in the ACES project

are not federal employees. This project started in 2005 in eight states and now has been expanded to 20 states.

Proposed legislation specifically authorizing this program has been transmitted from USDA to Congress.

NACD has worked to encourage participation in the TSP initiative and our members frequently work with individual TSPs when they are visiting the local office for information, maps and general assistance. We have, however, noticed some barriers to further expansion of the TSP initiative.

In many areas there is not yet the spectrum of private professionals to provide the varying technical assistance needed and an approach that focuses only on third party vendors cannot meet all the technical assistance needs. In some instances smaller projects do not have the reimbursement (not to exceed) rates that make these projects "of value" to a private business entity. Also, payment timing is not conducive to a small business or individual business operation. For example, USDA makes payment for a practice when complete, so a TSP may have to wait for some time for the landowner to complete his practice, receive the payment, and then make payment to the TSP. Some larger TSP business operations understand the government payment system and can accommodate this type of payment structure, but it requires work to be completed up-front and may be several months before payment.

The development of TSPs was a new undertaking as a result of the 2002 Farm Bill, and there has been a steep learning curve in the implementation of the TSP initiative for all parties involved - NRCS, districts and other providers. The field office technical guide outlines NRCS practices and is the standard across the country for transparent and duplicatable conservation practices. With the creation of new opportunities for third party vendors through the TSP initiative, individuals, companies and other businesses need to understand the field guide and NRCS procedures and plan requirements. Some third party vendors have specific expertise in nutrient management or pest management, but may not have the foundation of comprehensive conservation planning and knowledge of NRCS planning requirements. As the current TSP registrations begin to expire (registrations are valid for three years), new registration requirements have been added to expand the knowledge base of the TSPs. Many of the new required elements for registration are available through USDA's web-based training.

The issue of liability, continuity and follow-up also seems to impact TSP participation and utilization by individual producers. Work done through or by NRCS provides continuity and some assurance that the government will be there for follow-up on a project should a problem develop. There is a concern as to whether a particular TSP will be there in the future to address any problems. Also, the Not to Exceed (NTE) rates do not appear high enough in certain areas to cover risks and liability insurance associated with the work of the third party vendor. The NTE rate is calculated as the same it would cost the government to do the work, but there are external costs, such as the liability insurance, for the private sector that are not figured into the rate. The NTE rates can be exceeded if there is a unique circumstance, if the producer makes up

the difference.

These new certification and training requirements, lingering liability and NTE rate issues may alter participation in this initiative as registrations come up for renewal. Those third parties that have not received work over the last three years may also reconsider their registration as a TSP.

While we have outlined several concerns regarding the TSP initiative, we believe that NRCS is working to address these issues. The concerns about the NTE rates have resulted in new flexibility for states to determine rates instead of one national rate for each practice. States are also expanding their utilization of the TSPs, as we have in Indiana, as they become more comfortable with administration of the program. We believe that the success of the TSP initiative is also driven by those overseeing and managing the program within the state including the state conservationist, and district conservationist. These individuals are responsible for developing the program; entering into contribution agreements, outreach to TSPs, and overseeing and approving plans and projects of the TSPs.

This initiative was designed from the national level to be implemented by the states, so we understand it has not always been a smooth implementation. However, the demand for technical assistance continues to grow and we believe there is a role for private third party vendors, districts and NRCS in providing assistance to landowners to undertake additional conservation practices on the land. The future success of the program depends upon flexibility in addressing the specific demands in each state including staffing needs, resource concerns and local conservation priorities.