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FARMLAND PROTECTION PROGRAM

HEARING

BEFORE THE

SUBCOMMITTEE ON FORESTRY, CONSERVATION, AND RURAL REVITALIZATION, OF THE COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY UNITED STATES SENATE

ONE HUNDRED SIXTH CONGRESS

SECOND SESSION

ON

FARMLAND PROTECTION PROGRAM

SEPTEMBER 18, 2000

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FARMLAND PROTECTION PROGRAM

MONDAY, SEPTEMBER 18, 2000

U.S. SENATE,
SUBCOMMITTEE ON FORESTRY, CONSERVATION, AND RURAL REVITALIZATION, OF THE COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY,
Washington, DC.

The Subcommittee met, pursuant to notice, at 10:00 a.m., at the Montgomery County Human Services Center, 1430 DeKalb Street, Norristown, Pennsylvania, Hon. Larry E. Craig, (Chairman of the Subcommittee,) presiding.

Present or submitting a statement: Senators Craig and Santorum.

OPENING STATEMENT OF HON. LARRY E. CRAIG, A U.S. SENATOR FROM IDAHO, CHAIRMAN, SUBCOMMITTEE ON FORESTRY, CONSERVATION, AND RURAL REVITALIZATION, OF THE COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

The CHAIRMAN. Good morning, everyone. The Subcommittee on Forestry, Conservation and Rural Revitalization of the full Committee on Agriculture, Nutrition and Forestry will convene this field hearing on farmland protection and the program around it. Let me tell you it is a pleasure to be here in the Commonwealth of Pennsylvania this morning holding this hearing. I say so not because this is a beautiful morning and this is a beautiful spot. The hearings I have been holding over the last week-and-a-half or two have been not about preservation, but about destruction and what we do in the wake of destruction. I am talking about the tragic fires that we have had throughout the west and the public land forests of our country this summer.

I chair another forestry committee on another committee, full committee, so we are wrestling with that. So it is a pleasure to be here and especially to be with my colleague, Senator Rick Santorum and his staff, and let me thank them for assisting our subcommittee in preparing this hearing. I think all of us are increasingly recognizing the importance of farmland protection and the program that was created in 1980. I am from the State of Idaho and out there it has been of less importance, but clearly today, with the urbanization in our key agricultural areas, it grows ever-increasingly more attractive to our State.

We created the program in 1980, requiring Federal agencies to take a hard look at the problem. A decade later, the 1990 Farms and Future Act allowed Federal demonstration projects to give

States guaranteed loans and subsidized interest to start to protect farmland. But, funding under this law was somewhat intermittent. Then the 1996 Farm Bill provided $35 million for a farmland easement acquisition program, and the program's popularity has been such that all of those funds were depleted by 1998, which brings us to today.

The Subcommittee wants to recognize the effort that Senator Santorum has directed with the Senate and has clearly become one of the Senate's champions for farmland protection. Senator Santorum has produced legislation, S. 598, which would provide $50 million annually for farmland conservation easements. Moreover, S. 598 contains a mechanism to extend farmland conservation processes to all of the States. Recently, Senator Santorum worked very hard with myself and other Senators to craft an emergency agricultural funding package, and he was successful in getting an additional $10 million in additional Federal monies into the Farmland Protection Program.

As I had mentioned, we had run out of funds and Rick was able to get the Senate and the Congress to replenish that, as we are working to accomplish now. Certainly, the Subcommittee would encourage, I think, Rick to detail the efforts that he has put forth. They are important for the record. In that regard, I am confident that we can build an excellent record this morning, and that is what we are about, not only to strengthen the record, but to gain witness from Federal, State, and local officials, academia and local farmers, so that the Subcommittee can have a much fuller record as we head into next year and the reauthorization of the farm bill. And this issue, I think, will certainly be part of that overall discussion and consideration.

Just a couple of housekeeping matters before I turn to Senator Santorum as we open the Committee with his and my remarks. We have asked our witnesses to stay to 5-minutes. Their full testimony will be a part of the record. If anyone who attends this hearing would wish to make comment following the official witnesses, we will ask them to come forward, to state their name for the record, and we would give them 2-minutes to the microphone. Now, the reason we are doing this is I have to catch a train back to Washington and get back to the city for leadership meetings this afternoon. But I think we have got ample time this morning to deal with this issue and to build the record.

So, once again, let me thank all who are in attendance and certainly those on our witness list who traveled up out of Washington for this hearing. Before we hear our witnesses, let me turn to the Senator from the State Pennsylvania who has been a champion of farmland preservation, Senator Rick Santorum.

Rick.

STATEMENT OF HON. RICK SANTORUM, A U.S. SENATOR FROM PENNSYLVANIA, RANKING MEMBER, SUBCOMMITTEE ON FORESTRY, CONSERVATION AND RURAL REVITALIZATION, OF THE COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Senator SANTORUM. Thank you, Mr. Chairman, and let me thank you, Larry, for getting up early this morning and taking the seven

o'clock Metroliner up with me this morning from Washington to be here, and thank you for holding this hearing. Larry is not only the Chairman of this subcommittee, but he is also a member of the Republican leadership. He is the Chairman of our policy committee and he works on developing policy for the Republican caucus and has done a great job in that capacity and has really been a fine leader in Washington, DC.. So, it is an honor to have you here with us this morning to talk about an issue that is very, very important, not just to Montgomery County, but to all of Southeastern Pennsylvania, in particular, because of the incredible growth pressure that is being seen in our collar counties here around the city of Philadelphia and, even more so now, some of the counties outside of those counties, talking about Lancaster County, Berks County, Lehigh County, Northampton County. Those counties are experiencing rapid rates of growth, also and this sprawl that is occurring in all of those counties, many of which are just incredibly prime agricultural lands, the upper end of Montgomery County, another area which is just incredibly good and strong agricultural territory, is under tremendous development pressure.

Having resources directed from the Federal Government, I think, sends the right signal to support the efforts of the counties here in this region of the State, and obviously the State. Governor Ridge, to his credit, his program, Growing Greener, I think it is called, which is a major commitment—I think a special appropriation of close to $50 million was put forward just for this particular concern that the people of this area have. In some counties here in southeastern Pennsylvania, we have even had referendums on the ballot that have appropriated money from the local level to help match State and Federal funds to secure more open space and farmland.

So, it is a very important issue. It is a farm preservation issue. It is a preservation of our agricultural economy, which is crucial to many communities here in southeastern Pennsylvania, and it also goes to the quality of life, that people move to the suburbs for a reason. They want to enjoy a higher quality of life, and part of that is the open space and the green space and the farmlands. So, so this is an important topic for our area and it is one that I have worked on. And, Larry, I appreciate your fine words on the work we have done in Washington. I worked on the 1996 Farm Bill to create the farmland preservation program, which is the first money that was actually dedicated just for preserving farmland, $35 million, of which Pennsylvania has received roughly 10-percent of that money, which obviously shows the well-advanced state of affairs that we have here in Pennsylvania, attracting that money from the Federal level.

Interestingly enough, my co-sponsor on that amendment to the farm bill was Senator Barbara Boxer, so that would just tell you that, that was a very bipartisan amendment and one that has support on both coasts and recognizes the development pressure in our larger, more urbanized States. So, we have continued with that, as Senator Craig mentioned, in our emergency funding bill. We were able to get—excuse me—the crop insurance bill, I guess it was, and the emergency bill. The crop insurance bill is where we got the $10 million in authorization. So, we hope to get appropriation funding for that $10 million and move this program forward.

We have an additional bill of $50 million that we have offered, per year, to try to create more Federal incentives for this in, again, in these particularly crucial farm areas. If you go to the upper end of this county, if you go to certain areas in Bucks County, if you go to Lancaster County, you have got some of the most productive farmland anywhere, and it is not just, you know, 30-acres out back that some people think of eastern farming. This is major production agriculture and it is very important agricultural land, and it is very important to have this kind of production, which is accessible to the eastern seaboard and provides really quality agricultural products.

So, this is not just preserving a little, nice-looking dairy farm with 30-acres that looks nice for tourism. This is about providing food for this region and providing quality food and fresh food for this region of the State. So, with that, I want to thank you, Mr. Chairman, and we thank Mr. Jim Matthews, who is here representing the county commissioners, for making this space available to us, and we will be hearing from the commissioner in a little bit. I appreciate your time and your willingness to be here with us today.

Thank you.

The CHAIRMAN. Rick, thank you very much. Those of us who are privileged to serve our States and help shape public policy in Washington, both Rick and I serving on the Agriculture Committee, we remain very frustrated about the current farm and agricultural situation from the standpoint of profitability and all the forces that a production agricultural unit has to deal with, whether it is encroachment or whether it is higher taxes as a result of rezoning because of urbanization around or near it or the sheer profitability of the product that is produced. And, as this country struggles with farm policy, I say this kind of as an addendum, because we as a country are clearly struggling at this moment to decide where our public policy will be as it relates to production agriculture.

I say that from the standpoint of a historic role that public policy has played versus a free market force that runs through most of us who view agriculture, as we should, as a competitive business. At the same time, I was taught a lesson this year, Rick. We in the Congress had shaped a caucus to work with the administration on establishing policy to go to the WTO plenary session in Seattle, and that is a bipartisan group, Democrat, Republican, House and Senate, about 30 of us that gathered on more than one occasion, working with the Secretary and working with our trade ambassador, but Pascal Lamay, who is the French Minister to the European Union, happened to be in town.

We asked him to come and speak to the caucus and it was well-attended. He is a very intelligent, outspoken man, speaks very good English with a slight French accent, so he threw us all off a bit by being able to speak such fluent English. And we began to quiz him about the agricultural policies of Europe and the heavy level of subsidizing that goes on there, directly to the producer, and that is how they offset issues of encroachment, that is how they offset issues of profitability. That all becomes a part of how we deal with

the issues with the European Union and the WTO and the efforts coming out of the Uruguay Round on GATT.

Anyway, after we had worked him over pretty hard with a bunch of questions, he just kind of looked us directly in the eye with a twinkle and said: Now, wait a moment. You have got to understand we in Europe have made a decision. We do not plan to move from it. And our decision is we will preserve the pastoral setting of our landscapes. That's what Europeans want. That is what we like and that is what we are going to keep. And we have established policy across England, France, Germany, Holland, Luxembourg and other places that will maintain that.

And he says: You have got to understand that, that is our policy; that is not your policy. We do not plan to change. Now, we can talk about subsidizing a product into a world market, but don't you tell us how to treat our farmers. Period, end of statement.

And he smiled. The conversation was over with. I think we all learned a lesson that day, Rick. Anyway, let us move to our first panel. I am extremely pleased this morning to have these panelists with us. Let me introduce them to the hearing: Danny Sells, Associate Chief, Natural Resources Conservation Service, USDA in Washington. I understand that Danny traveled up here yesterday afternoon, got caught in a traffic jam and so took an alternative route through pastoral Pennsylvania. Mary Heinricht, Regional Director for the Mid–Atlantic American Farmland Trust from Culpeper, Virginia; Professor John C. Keene, Department of City and Regional Planning, University of Pennsylvania, Philadelphia, Pennsylvania.

Thank you all very much for being with us this morning. Mr. Sells, let us turn to you.

STATEMENT OF DANNY SELLS, ASSOCIATE CHIEF, NATURAL RESOURCES CONSERVATION SERVICE, USDA, WASHINGTON, DC.

Mr. SELLS. Mr. Chairman, Senator Santorum, I appreciate the opportunity to discuss with you today the important issue of farmland protection. I am Danny Sells, Associate Chief of the Natural Resources Conservation Service. I would like to begin by recognizing the efforts and leadership of members of this subcommittee for introducing S. 598 and co-sponsoring legislation that would accelerate our work in this area.

Additionally I would like to recognize three employees of the Natural Resources Conservation Service with me today. Janet Oertly is the State Conservationist for Pennsylvania. The work of our agency is done locally, working with local landowners to protect natural resources. Janet is responsible for directing that work in this State. This is one of, if not the, most important jobs in NRCS, and she and her staff are doing a great job for Pennsylvania. Janet will be discussing that work with you on the next panel.

Also with me is Eric Carlson. Eric is from Pennsylvania and most recently was a Resource, Conservation, and Development Coordinator in the State. He currently is serving on our legislative affairs staff in Washington, DC. and is doing a great job for us, as well. Lastly, Rick Swenson. Rick is our East Region Regional Conservationist and has only been in this position for about a month.

Rick's most recent assignment was State Conservationist in New York. He is over Pennsylvania and the other New England States, and we are glad to have Rick as a part of our executive team.

Mr. Chairman, as a farmer myself from northeast Tennessee, I know that most farmers want to stay in farming. It is a way of life, a tradition, and we want to stay on the land. But in recent years, I have noticed in my own community that fields and farms are giving way to pavement and people. On viewing the countryside on the way to this hearing, I would expect that the same is true in many parts of Pennsylvania.

If we are to plan strategically about agriculture in the next century, we must work to preserve both the land and the people who work the land. We estimate that since 1967, an average of 1.5-million-acres-of-farmland has been converted to other uses each year. Even more troubling is that in most States, prime farmland is being converted at two-to-four times the rate of less-productive land. If left unchecked, conversion of farmland will affect the Nation's food supply, reduce the quality of our water and air, lead to the general erosion of quality-of-life issues due to the lack of open space for some areas of the country.

Our Federal efforts to help stem this tide include several new initiatives. The President's fiscal year 2001 budget included $65 million annually for the Farmland Protection Program. The budget also proposed a $1.3 billion increase for conservation programs that helped family farmers protect natural resources and keep farms in operation. Within this proposal are several initiatives, including the conservation security program, that provide support for those farmers who are already investing in private land conservation, a direct payment for doing good conservation.

We should never forget that the very best way to protect farms and farmers is for agriculture to be profitable and economically sustainable. Additionally, the Farmland Protection Program is a key element of the administration's Liveable Communities Initiative. Our intention for this initiative is to provide communities with tools, information and resources they can use to enhance their quality of life, ensure economic competitiveness and build a stronger community.

The Farmland Protection Program authorized by the 1996 farm bill protects prime and unique farmland. It provides matching funds to leverage dollars from States, tribes or local government entities that have established Farmland Protection Programs. The enabling legislation of the Farmland Protection Program provided for total funding authority of $35 million, which was exhausted by the end of 1998.

Coupled with State and local investments of about $190 million, the current program will protect 127,000-acres-of-prime-and-unique-land on 460 farms spread across 19 States. I believe this is a notable success for a relatively small Federal investment. We are pleased that Congress included $10 million for a Farmland Protection Program in the Agricultural Risk Protection Act of 2000, signed by the President this year.

This will help keep interest in the program high after 2-years without funding any new projects. Additionally, we are closely watching the Conservation and Reinvestment Act, passed by the

House and currently before the Senate, which could provide up to $100 million each year for farmland protection and related activities through the NRCS and the Forest Service.

In closing, I would like to invoke this administration's strong support for both S. 333 and S. 598. I look forward to working with you to protect farmland and rural areas that are dealing with the pressure of development. Together, we can help family farms continue their long and honorable tradition of providing food, fiber, open space and a healthier and more livable environment for us all. I thank the Chairman and would be happy to answer any questions that the members may have.

[The prepared statement of Mr. Sells can be found in the appendix on page 40.]

The CHAIRMAN. Danny, thank you very much. Before we go to questions, we will hear all of the panelists, because some of the questions, we may want to ask all of you to respond to. Now, let me turn to Mary Heinricht, Regional Director for the Mid-Atlantic American Farmland Trust. And you have traveled up from Culpeper?

Ms. HEINRICHT. Yes, I have.

The CHAIRMAN. Welcome to the Committee.

STATEMENT OF MARY HEINRICHT, REGIONAL DIRECTOR FOR THE MID-ATLANTIC AMERICAN FARMLAND TRUST, CULPEPER, VA

Ms. HEINRICHT. Thank you, Mr. Chairman and Senator Santorum. We very much appreciate this opportunity to provide you with our views on the merits of the Farmland Protection Program. My name is Mary Heinricht. I am the Mid–Atlantic Director for American Farmland Trust and I focus on New Jersey, Pennsylvania, Maryland, Delaware and Virginia, and that includes the Northern Piedmont, which is the second-most threatened agricultural region in the United States, second only to the Central Valley in California.

We have the most valuable land here, some of the most productive, and within 24-hours we can have fresh food and produce to over 40-percent of the American population from this rich area. I would like to recognize the Senator and thank both of you for your championship of the Farmland Protection Program since its inception. This is a very important matter. As we look at the conversion of farmland in the next decade-and-a-half, over 70-percent of the private lands will be changing hands, and that means that people are going to be dealing with inheritance issues.

We are looking at young farmers trying to figure out how to afford to invest in land, as well as the infrastructure that goes into farming. We have a bit of a problem in that there is a speculative value that has been attached to farmland that far exceeds its resource value and far exceeds the ability of the typical farmer to invest in that land. The inclusion of $50 million in the Farm and Ranch Land Act, the Conservation Reinvestment Act, carries a positive sign for this program and we hope you will support its passage in the Senate this month.

Certainly, looking at the way local Government has been able to take Federal money and leverage it, we are encouraged that there

are more and more programs looking at bringing this to local government. The disparity of the values in the land is really much easier handled at the local level than from a Federal program, and so passing these funds down to local governments, where they can look at local strategies, has been a great benefit to them.

When you look at the leveraging that was mentioned by Mr. Sells, this is something that will be a better and stronger tool as time goes on. We have asked for more than $50 million a year for the new program, and we think that really maybe the need may be more like $150 million a year to help keep the States growing at bringing easements to the forefront. We do not have full participation from all around the country. Only 19 States actually have adopted easement programs, although there are another 50 local programs.

We think that more money from the Federal Government will encourage more and more States to do this. I am working with Virginia at the moment, who is looking at these programs, and quite honestly, a lot of their decision-making is based on whether there are other funds coming in to leverage their local contribution.

Local government talks to State government to see how they can put funds together, and then the State government looks to the Federal Government. So, the more we can look to Congress giving money to the States for this purpose, I think the more we will be encouraging those local programs to exist.

We would like Congress also to recognize the sophistication of the approaches that State and local government is taking, and we think that the program could be more flexible. Currently, each of easements under the Farmland Protection Program must comply with a lot of Federal criteria and each individual easement has to be approved by USDA. We think that maybe making the program more similar to Forest Legacy, where we allow the States to determine the priorities and the criteria for these easements, would actually make it an easier program to deal with.

Decisions about land-use and economic investment are most effective when they are made at the local level and implemented at the local level, and this type of change in the program might make it move along more quickly and be more successful. We would also like to see them give them more leeway in how they distribute the funding, and that maybe block funding would make it easier for States to do this, rather than individual funding, so that they can think about the amount of money that is coming ahead and plan for that.

If both the local and regional strategists know the amount of money they are going to get, then they can be putting together their programs and their deals. Generally, easements are put together through a group of people and a group of efforts. Different types of programs come together to do this. The farmers may come in groups of people and, therefore, if we know what the number is going to be that is coming down, it helps get everything else in order and speeds along this process.

When you think about who participates in the easement programs, it is generally farmers who are under some sort of pressure, and therefore time for them really is of the essence. If they know what they are dealing with, then it is much easier to bring together

the bankers and the other programs. We also think that more could be done to promote participation from States that are not currently taking advantage of the program, including the eligibility for nonprofit entities to participate under State approval, and maybe State supervision is one way to do this and to help leverage again the private dollars.

Generally where we see private donations for conservation, they tend to go to nonprofit entities and there is not really an easy way for someone to donate money directly into a State program. So, we might think that, you know, through State supervision and State approval, that this might be a way to encourage more private money to come directly into land conservation.

Also, currently the program is written to focus on prime soils and it limits our State's abilities to protect ranch lands and also some unique lands. If you think along the Eastern Seaboard about the way our wine industry is growing, those are not prime soils. They are unique situations, but the soils actually are not considered prime soils, so we might think of some expansion of that criteria to give us a broader application for this.

In closing, I would like to underscore that for the past quarter-century the conservation and environmental objectives in our country have been largely achieved by either regulations or Government purchase of private properties, and they have not resolved all of the conflicts that we have all seen. So, it is important as we move into the new century to have more tools for private stewardship to be contributing to those, and we see these programs as an excellent example of how we are going to change that and to govern a better way and to let our communities make their own decisions.

We would like to thank you again for your leadership on this important national issue and for allowing us the opportunity to comment on it. And, again, we will take questions. Thank you.

[The prepared statement of Ms. Heinricht can be found in the appendix on page 45.]

The CHAIRMAN. Mary, thank you very much. Now let me turn to Professor John Keene, Department of City and Regional Planning, University of Pennsylvania in Philadelphia. Professor Keene, welcome before the Committee.

STATEMENT OF JOHN C. KEENE, DEPARTMENT OF CITY AND REGIONAL PLANNING, UNIVERSITY OF PENNSYLVANIA, PHILADELPHIA, PA

Mr. KEENE. Thanks, Mr. Chairman, Senator Santorum. I appreciate the opportunity to come and testify on this very important bill. I would like to focus on the broader context of managing urban growth, of curbing urban sprawl, of finding ways of promoting the agricultural economy to keep farmers farming. As you pointed out, Senator Craig, where the farmers are not farming, there is not much point in protecting farmland—and, finally, to protect prime farmland, because it is this context within which the usefulness of agricultural conservation easements and other specific methods must be evaluated.

I would like to say a few words about my background so that you understand the perspective that I bring to this problem. After graduating from law school, I practiced law in Philadelphia for about

5-years and then found myself becoming interested in urban problems. After getting a master's degree from Penn in city planning, I have been on the faculty with my research interests focusing on the protection of farmland, growth management, and environmental policy, all of which, as you understand, intersect.

I have been researcher and co-author of two major studies of Farmland Protection Programs; the first, The Protection of Farmland, was published by the National Agricultural Land Survey in 1981, and the second, Saving American Farmland, What Works, was published by the American Farmland Trust in 1997. I have also been co-author of two books on growth management, one concerning growth management in New Jersey and the other with the Pennsylvania Environmental Council, focusing on growth-management techniques in Pennsylvania. I have published a number of Law Review articles and other reports focusing on farmland protection and growth management.

It has become increasingly clear that urban sprawl is a wasteful phenomenon. It results in the loss of prime farmland as new suburban communities, shopping centers and industrial facilities are constructed on the fringes of our metropolitan areas. It has led to the depletion of the economic base of city after city across the country as companies move out, taking with them jobs and tax revenues. It has meant the wasteful duplication of infrastructure on the suburban fringe, on the rural fringe, while existing facilities in the older cities, like Philadelphia, for instance, are being used under capacity. It has meant the degradation of significant ecological systems.

And yet, in a general way, our Federal, State and local policies with respect to urban development have largely subsidized urban sprawl. I cannot take the time right now to go into the details of that, but I think you are familiar with it, the insurance guarantees and programs, the interstate highway program, the programs for constructing sewer systems, sewage treatment plants and so forth.

We no longer can afford to pursue a national policy based on urban sprawl—we must now concentrating on finding ways of developing effective programs for managing growth, for protecting farmland from premature conversion on the one hand, revitalizing our center cities, so that some of the development pressure which has been moving centrifugally out to the edge of metropolitan areas, is redirected to the older cities, thereby reducing the pressure on farmland for new facilities. This is especially important, as we have seen, in areas like the northern Piedmont and the whole, shall we say, the west face of megalopolis, which runs all the way from northern Virginia up through Massachusetts.

As we demonstrated at length in Saving American Farmland, What Works, an effective Farmland Protection Program is a synthesis of a number of different major techniques, agricultural protection zoning, purchase of agricultural conservation easements, differential assessment of farmland for real property purposes, gubernatorial executive orders which coordinate the efforts of State agencies in programs that affect the farmland base and so forth. No single program is effective in isolation. It is only an integrated package which will be effective.

Let me turn to the agricultural conservation easements technique, which is the focus of these bills. As of February, 2000, 19 States had adopted purchase of agricultural conservation easements, spending something like more than $937 million to protect 663,000-acres. Many local communities have established their own PACE programs, allocating more than $300 million to protect over 150,000-acres. This is impressive testimony to the practicality and political acceptability of the idea of conservation easements.

The National Governors Association has endorsed the two bills that concern farmland protection unanimously. This technique is an essential part of any broad-based program for protecting farmland. The challenge is demanding, the need is urgent and the time is now. I urge the Senate to renew this program with the largest appropriation that is feasible, given our broader concerns for budgetary balance.

Thank you.

[The prepared statement of Mr. Keene can be found in the appendix on page 48.]

The CHAIRMAN. Professor, thank you very much. Let me lead with this question that I think—probably, Danny, to you and to Mary, because you broached it and you talked about flexibility of program and application of program at the local level. We understand now that the program must have a conservation plan developed in consultation with the NRCS. Danny, could you explain how that works in actual practice, number one, and number two, the extent of that plan as it relates to cost and application, and how that generally has worked with the conservation easements that have been put in place to date? And I say that in the context of possibly responding also to what Mary has suggested about blocking grants, greater flexibility at the local level—in other words, the complication of getting to where we want to get, complication put down by Federal regulation; and, in fact, is it working and what are the costs involved?

Mr. SELLS. Mr. Chairman, as you well know from your own experience with the Committee, the NRCS works at the local level. Our main business is conservation planning, ensuring that folks have the tools, the wherewithal and the knowledge, through our technicians out in the field and our conservationists, to do the right thing the first time and hopefully protect these resources. A natural extension of anything that would be along the lines of protecting farmland for future generations naturally wants to look at that issue of making sure that those resources are dealt with adequately after an easement comes into play.

The process, of course, is just our local conservationist, and that is the same as the local conservationist here in this county, working with someone that, as you discussed, the possibility that they may be interested in an easement on their farm or having an easement placed on their farm in order to protect that. You find these folks to be very willing. They generally are interested in conservation and are generally more adept at being good conservation farmers to begin with, but also just because they have an interest in preserving that land, you have someone who is willing to go through the process of looking at how you treat that land after it comes into easement.

Of course, we do have other programs that provide assistance to that producer, as well, in order to make sure that they can get those practices installed timely and in a cost-effective manner. From the standpoint of the issue of block granting, we feel at this particular point that it is important with this very new program that has been minimally funded at $35 million thus far have an opportunity to work, have an opportunity to be funded at a level to really see how it can work.

There are a lot of things you and I have to take into consideration, and that is protecting that interest that the taxpayer themselves are putting into this program and into that easement. The easement is permanent, and permanent is a long time, and making certain that we have in place the opportunity for that to remain perpetual, providing those benefits to society both from an aesthetic standpoint and from the standpoint of the ability to continue to produce food and fiber is critically important.

We think the opportunity to involve more individuals, more people around the country, to have more partners at the table with us, is very important in expressing the interest in making sure that these programs continue to grow in enthusiasm as we have seen them in the last few years. So, we are not objectionable to looking at some alternatives, but we feel very clearly that probably the three highest priorities we have for this program right now, as opposed to any radical changes in the program structure itself, is funding, funding and funding.

The CHAIRMAN. Mary, do you wish to comment on the experiences you have had and that Mid–Atlantic has had in cooperation with the NRCS and the local committee structure and how that works?

Ms. HEINRICHT. Yes, I think our comment was to think about how we plan this out, as opposed to objecting to the way the program has worked. When we are talking about a conservation easement, you are talking about the typical farm family's value, their inheritance, the future financial health of their family and all this. A lot of times, there are five-to-fifteen people who actually have an interest in the land and the business, and it is a very complicated—it is estate planning at its most sensitive, really. So, the more things that can be done to make that family comfortable and to give them flexibility in how they approach this, the better.

And that is why we said allowing local flexibility-an easement is going to be different from farm to farm to farm. Generally, when you look at the success in Pennsylvania, of protecting farmland, it is because you have had not only the State program, but you have had then county programs that supplement it, you have land trusts that help work on it, you have a multitude of choices for that family to make in their estate planning and in settling these things.

So, we are trying to figure out how to make them most comfortable, and if we get the agreement between the bigger programs done up front and we have kind of the ideas of where each group has to comply with the other's regulations, then the least amount of pressure and confusion happens to the farmland owner.

The CHAIRMAN. Professor, you mentioned some of the programs we have contributing to the urban sprawl that is obvious across our

country and our landscape today. My reaction, I wrote in my notes as you were giving your comments, was unintended consequences.

Mr. KEENE. Exactly.

The CHAIRMAN. I don't think that when Eisenhower and others were proposing a great interstate highway system, they were suggesting they were going to kill inner city America or even thinking about it at that time.

Mr. KEENE. I think they probably thought that, by increasing the accessibility of the center cities, they would bring more jobs to the center cities.

The CHAIRMAN. Probably so.

Mr. KEENE. But highways are a two-way street, so it worked the other way.

The CHAIRMAN. We put a lot of money into our transportation system and Rick and I learned early on in the business of representing our States that, that was something we duked it out for, high priority. We have a county commissioner who is going to testify today. I doubt that he would want this county to have any less of its share or any percentage less of share of Federal highway transportation dollars versus State, and all of those kinds of combinations. It has literally become the bread and butter of the infrastructure of this country.

How do you suggest we adjust or make those kinds of changes if, in fact, now we are having to come in on the back side and subsidize or a form of subsidy to protect landscapes and certain sensitive ecosystems and, of course, the agriculture land that we are here talking about today?

Mr. KEENE. Well, you put your finger on a very difficult issue. I think as a starter ISTEA and TEA21 attempt to shift some of the emphasis from surface highway road transportation facilities to mass-transit facilities, which would better serve high-density areas. That is a start in what I consider to be an important direction. My point is that the issue of protecting farmland has to be viewed in this broader context of urban development, because if we do not find some way of redirecting development pressures away from the urban fringes, in the long run, it is going to be very difficult to maintain these wonderful farming areas which I am familiar with around here, in Lancaster County, one of the most productive, if not the most productive, unirrigated county in the country, with over $1 billion worth of agricultural produce, more than many States.

If we do not find a way to reduce the development pressure on the peripheral counties, ultimately, within our lifetime, we are going to lose them. So, though it is difficult politically—I couldn't agree with you more—we need to try to find some way of shifting the emphasis more toward mass transit, toward more concentrated community development and, most importantly, toward revitalization of the old cities.

The CHAIRMAN. Senator Santorum?

Senator SANTORUM. Thank you, Mr. Chairman. I am going to sit in for Senator Lugar and ask his question that he always asks at these hearings, and that is agriculture is not profitable because we have too many people producing too much and prices are low because of that, and so why are we saving agricultural land? I mean,

what is the point? I mean, we have got too many farmers and they are producing too much food, so why are we out there saving agricultural land?

And your answer to that is?

Mr. KEENE. Who would you like to start?

Senator SANTORUM. Go ahead. Take them in order. That is his standard comment when I talk to him about this, and that is we have got too much Ag land right now, you know, we have got too much food we are producing. Why are we saving Ag land?

Mr. SELLS. I guess, Senator, to some degree I would probably defer to the gentlemen the Chairman mentioned from France as having a pretty good response to that, and that's generally what the people want. I think, in large degree, we do want to save this farmland for a lot of different reasons. Some of them are heartfelt and some of them are more aesthetic, from the standpoint of the kind of communities we would all like to live in.

I think, too, that it is important from a strategic standpoint, as we look, coming to the next farm bill, of what agriculture is about and what we expect it to be in the next century and how it is going to develop and how some of the new processes, more science and new science, is going to impact it, and what is the appropriate amount of land to have in production as you deal with all these issues. I think it is absolutely critical that we come together, and I think that the broadening of the family discussing this issue is critically important, and that is the reason that, whether it is NGOs or whatever, getting this thing to spread out in a broader fashion so that more folks can be involved in looking at their community, looking at their watershed, to plan how you would like for that community, that watershed, to look and how you think agriculture ought to fit in it.

You know, as we were talking about interstate highways, to me and in my community, I'm not concerned about interstate highways. Generally, they are in fairly decent locations and they are there to stay. It is the smaller roads that are killing us. You know, you build a road and the development just follows. Well, the ability to be in a community, an active community, that wants to make sure that they are looking at where those roads and that development will occur—you know, the Farmland Protection Program is not an anti-development program, it is a Farmland Protection Program.

So, our ability to look at it as a community, to decide where we can have agriculture, where it makes most sense, where we can protect those prime and unique lands, and there are other places where it is probably appropriate for us to give that up to development, because those communities are still going to grow. The economics are just there to do that. Protecting our agricultural land, you can probably come up with numbers that tell you really do not need to, but I think, from the standpoint of this country and where we are in our history, I do not think that our view of the world in some number of years to come will be much different than the gentleman from France in the fact that the people accept and want this to be the kind of land that is aesthetically beautiful and we are taking care of, and I think that is the point.

Ms. HEINRICHT. Well, when we settled America, people got here and they got out of boats and they didn't have a whole lot of choices as to where they could establish their communities, but they consistently did it where they had the most productive soils, because they needed to feed themselves. If we look at farmland as a resource, the best soils and the unique areas take the least amount of input, and if you think of the way we have become very sensitized to environmental issues in America, and, of course, we have had a great deal of debate about the things that go into our food or do not go into our food, and that will continue to go on.

It seems important to protect the best of that resource. A lot of times, when I talk to communities about how to plan their comprehensive plans, I talk about gold mines and you do not dig for gold where there isn't gold. So, we really should not be trying to force farmers into land to grow where it is not well-suited. Farmers choose their crops and what they are doing based upon the capability of the landscape there and what takes the least amount of input. They are good businessman. The farmers today are the ones who are the best business people, because they have lasted through all of this.

Today, farmers are getting for some commodities the same price they got in 1950, and yet they are still able to hang on there. But if you think about the potential for growth in this industry and you think about how much more you pay for food today and how much more you eat in restaurants and how you pay a premium for restaurants that have fresh, local produce or who have organic food. Whoever would have thought you would be going to a grocery store and weighing those nice, bright red tomatoes on the vine and paying $3 a pound, and you are paying for the vine, which you do not eat.

In northern Virginia, we have been looking at the growth of niche farming in Loudoun County, and we can probably debate for a long time whether Loudoun will be agricultural in the future, but the growth in profits on that urban fringe are equal to the growth in the high-tech industry. It is not equal in dollars, but in terms of the profit coming to the farms more and more every year, it is growing at the same rate.

Mr. SELLS. High-tech companies do not make any profits, so that is a different story.

[Laughter.]

Ms. HEINRICHT. But we have had a cheap food policy for a long time and it has been a good policy. We have always make decisions in America for the broadest good for everyone and we have made decisions to subsidize certain things because it benefits the most people, and our policies on food were meant to benefit the people who eat. And now everybody is pretty well able to eat and it is time to be looking at getting the farmer more than 10 or 20 cents on the food dollar again.

Mr. KEENE. That is a very broad and provocative question. I think the broadest answers to it lie in the area that, first of all, agricultural products have been an important part of our international trade over the years. It ebbs and flows. They are more or less profitable, but, on balance, they have been an important component, making us one of the major agricultural exporters in the

world. Second is the point that Mary made, that once you pave over prime farmland, it is gone. It is going to be very difficult and very expensive to restore that to its prior fertility.

But I think the broad question really needs to be broken down into a more specific set of questions which have more specific answers. I know I did some work in Minnesota. We were consulting with the Department of Agriculture there about protecting farmland, and they asked the same question: We have so much land and so few people, why go to a lot of trouble?

Well, I think that points to an answer that the problem is different in different parts of the country, where you have growing populations, expanding metropolitan areas, coming into conflict with, running headlong into prime farmland, the arguments are much stronger for protecting farmland. Where you have a large amount of land and relatively low population pressures, the arguments are less strong. Different techniques may be appropriate.

But I think really part of the answer is the point I have made, that we are not talking just about protecting farmland. We are talking about trying to create communities in the 21st century which will be better places to live in, which will allow more of a sense of neighborhood, which so many of the suburban areas do not, which would be more efficient users of the infrastructure being built. So, you have to look at both sides of this coin; on the one hand, trying to build more compact communities which are better served by mass-transit, which provide greater diversity and, on the other hand, trying to protect the farmland resources and the other ecological resources which lie on the outskirts of the city.

Senator SANTORUM. Ms. Heinricht, you talked about the importance of having a Federal program. Do any of you have anything additional to add? One of the questions—again some of the critics of this—is, well, the States are doing it, the counties are doing it. There is really no reason for the Federal Government to get in here and put its oar in the water here, just let the local communities do what they want to do, let the States do what they want to do. Do you have any comment on that?

Ms. HEINRICHT. Well, I think most State and local governments do not have a lot of the technical resources that USDA and the Federal Government bring to this issue. If you think about a typical agricultural County that may have five or ten local employees, they really do not have access to a lot of the mapping resources and the understanding of even the LESA program or how these things come together. So, the Federal Government really can provide a lot the background to help local Government make these decisions, to help them make the land-use decisions, to help them decide where to save their land, how to do it, you know, what the best decisions are.

So, I do not believe we want to set up a whole new Federal level, duplicating the things that the local people do, but in a lot of cases the local governments just don't have the capacity to get to the really big issues. So, I think they really do complement each other quite well.

Mr. SELLS. I do want to say that I honestly believe we have got to operate these in a manner which ensures that we do not have this become just a Federal responsibility. This is a mixed respon-

sibility that we all have, whether you are in a local community or, for that matter, a local private-land owner or, at the State level or at the Federal. I think it will only work if we are all in this together.

I will say that the programs Pennsylvania has put into place and the local communities stepping up to the plate, I think it is an example of how this can be done in a more appropriate fashion all over the country. As Mary indicated, there are a lot of resources that the Federal Government can bring to bear that are important, and I think the most important one is that technical assistance, and the technical assistance in this particular case that is provided through our employees across the country, whether it is in these 19 States or the balance, it is important to have that ability to provide the technical assistance that folks need, that are out there every day trying to make a living, or communities themselves that are making a living doing something different than this, that even when they come together in their meetings to begin to plan on how they would want their community together or to come together or to look, that they have the expertise, the technical expertise to do better planning, to ensure that they know what soils exist or what capabilities exist out there as they look at where roads or developments or anything of that nature should be.

We have, as we have talked with you before, and the chief has, as well, we are incredibly stressed, from the NRCS standpoint, of providing the amount of technical assistance around the country that is needed. As we went out recently with a set of hearings on the Farmland Protection Program and the issues therein, that was the big cry. We need more folks out helping, working with us every day on the land to help us make better decisions.

There is a huge shortage of that assistance out in the countryside and hopefully, over the course of the next budget or two, as we look at this, we can make up some ground that we have lost over the course of—of the correct thing of trying to balance the budget, but hopefully get our priorities into line where we can provide additional technical assistance, so folks, communities, all can make better decisions when they are planning.

Mr. KEENE. If I can just add to that, Senator Santorum, one of the most commonly used techniques for deciding which land is the best land, which land is under the least pressure, which land is most appropriate for the sale of a conservation easement, is the so-called Land Evaluation and Site–Assessment program or technique, which Mary mentioned, LESA, as it is known by its acronym. This is really a decision-making aid, a decision-making process which assists the county or the township or the State to determine which parcels have the most productive land, which are most appropriately located with respect to prospective urban development, which ones, in short, it makes the most sense to invest substantial amounts of money in.

To operate the LESA, or Land Evaluation and Site–Assessment program, to do it right, you need information. You need to know about soil quality. You need to know about comprehensive planning efforts. You need to know about zoning. You need to know about prospects for development. The Geographic Information System, which I am sure you are familiar with, is something that is just

sweeping across the country now, providing very useful access to all kinds of natural and economic information, but it takes money to set up a GIS system. It takes experts to run it. And, as Mary said, many—especially rural—counties simply don't have the revenues to support that kind of thing.

The States could take up some of this, but certainly the Federal Government can help out on a broader basis to bring to bear the experience of various offices around the country. I think this highlights one of the major reasons for having the Federal Farmland Protection Program. It serves as an incentive for States and local governments to engage in this kind of protection. Their money will go twice as far, or maybe not twice as far, but on the order of twice as far if there is a Federal program.

It also places the imprimatur of Federal approval of acceptability on this technique. It is, for people who are not familiar with it, a very strong technique to have the Government come in and buy an interest in your land. I know I was working 20-years ago in Chester County, where we were suggesting that this would be a useful technique for protecting farmland and ecologically significant land, there was resistance to it. I don't like the idea of having the Government do it. Well, one answer is to say, well, it's okay now. A lot of the States are doing it around the country, over $1 billion has been spent on it, hundreds of thousands of acres have been protected.

That reminds me of something else. I think, as Mary suggested, that the role of charitable trusts can be very important. In Lancaster County, for instance, the Lancaster County Farmland Trust, working with the county, has protected, I think, over 25,000-acres. It provides an alternative for farmers and other landowners who are reluctant to go into a partnership with the county or the State. They can save their land without receiving money from the Government. These are privately-raised funds. The more the idea of purchase of agricultural conservation easements is common currency, the more it is accepted, the easier it is for the nonprofit organizations to undertake a program like this and provide what can be a very essential parallel program to the Federal, State and local programs.

Senator SANTORUM. In Lancaster County, and I have been out talking farmland preservation there for a long time, they have done a great job with public and private partnerships and they have really, I thought, done a great job of buying a lot of farms contiguous to each other to create a whole area that will be set aside. And that is very exciting. I know, Mr. Chairman, I am probably long on my questions here, but just a couple of real quick ones. First off, on this block granting idea which, I know, Mr. Sells, you are not in favor of, but who would the block grant go to? Would it go to the State? Would it go to the County? Would it go to a nonprofit?

Ms. HEINRICHT. Well, I think you would look at each—how it was set up. I think you probably want to have a State strategy. And we are just trying to set Virginia up based on, actually, the Pennsylvania model. We are encouraging them to come along.

Senator SANTORUM. Well, the legislation was drafted after the Pennsylvania bill. That is why we do so well under it.

Ms. HEINRICHT. That is where we are looking at setting a standard and then dropping it down to the next level, to get——

Senator SANTORUM. I am still not understanding where the money would go.

Ms. HEINRICHT. I think probably to the State, and then the State would look at how it would qualify across the State, and then your nonprofits or your county or whatever would then meet the State standard and it would be passed through that way. I think you will probably want to look at it.

Senator SANTORUM. OK. One other thing you mentioned was estate planning which, of course, leads me to the question of estate taxes or death taxes, as they are now called. We had testimony at one of these other hearings from an officer from Vermont who testified that one-third of the applications or one-third of the land that has been set aside was the people who came and asked for this money did so to pay for estate taxes, as part of their estate planning. I would think estate taxes have a very large role in the destruction of a lot of agricultural lands in this country. Do you want to comment on that?

Ms. HEINRICHT. Well, yes, I think it does.

Senator SANTORUM. I am just trying to make the point that the estate tax is an anti-environmental tax. I mean, it really is, in the sense of people selling land for development to pay for it.

Ms. HEINRICHT. Well, particularly when you think about farmland now, generally it is a larger family that all have an interest in that land, most of whom are not farming it, and therefore estate settlement is a very complicated issue. An awful lot of our farmers or our farmland is farmed by non-resident farmers, where someone down the road is actually the active farmer, and that changes the amount of estate tax that is due when that farm changes hands. So, it has been very destructive to keeping farms in farming.

Mr. KEENE. Could I add to that? I did a study for the Council on Environmental Quality, called Untaxing Open Space, a title which I always felt was kind of nice. It was a study of differential assessment of farmland. The idea behind differential assessment of farmland is that real property taxes are one of the factors—of rising real property factors, taxes are one of the factors which are forcing farmers to sell out, because their marginal profitability is gradually declining. As urban development pressure moves out, land values go up and taxes rise.

We found in that study, and I haven't seen any study that has contradicted that, that there are a number of factors that lead farmers to sell out. It may be that they are reaching retirement age and they do not have a member of the family to take over. It may be that land values have gone so high that no farmer can afford to buy a farm. The only way you can get a farm is to inherit a farm. It may be that intruding suburbanites are complaining so much about the farming that it has just become a nightmare for them to continue and they are going to say, "I am going to cash in and go down to Florida and take it easy, not get up every morning at dawn for 7-days a week."

So, there are a number of factors with respect to differential assessment of farmland. I think the same is true with respect to the estate tax. There are a number of factors besides simply the estate

tax burden which will lead a farmer to sell. A farmer may be able to manage it financially, but it may not be economically sensible for him to do that. There may not be a member of the family to take over or there may be disputes between the children—to take over. It may be that no farmer can afford to buy that land.

Again, it varies so much from one part of the country to the other. If you are talking about farming in the Metropolitan fringe, it is much more likely that land values will be high, making it more difficult to pass the farm on from one generation to the next. If you are talking about farming in the middle of Montana or a very large State with very few people, the development value will not be much of an increment over the agricultural-use value. So, it will be easier to sell that ranch or that farm for farming, and therefore that won't be so much of a problem.

So, I think we have to understand again that the answer is not a simple one. Estate taxes, in many cases, are important. In many cases, they may be forcing people to sell. In other cases, they may not be the predominant factor.

Senator SANTORUM. Thank you, Mr. Chairman.

Mr. SELLS. I was just going to say quickly that there is not a silver bullet here that fixes this thing and it has got to be a more comprehensive approach. Beyond question, estate taxes have some impact. However, there are a lot of other impacts and we have made a good deal of progress on some of the State exemptions for farmland over the course of the last several years; but an awful lot of that, as indicated by the other panelists here, are dealing with debt, operating expenses. And a more comprehensive approach that actually includes, not just farmland protection, but the reality of trying to come up with policy that helps agriculture be productive, profitable in a fashion that allows the farmer to stay on that land.

As I indicated in my earlier remarks, the majority of us who are farmers want to be there. We don't necessarily need to be millionaires from the Federal Government or anything else, but we need the opportunity to try to hang on and stay on that land and feed our families. And that opportunity exists in a multitude of answers and not just in one single answer, which probably makes it more difficult today. If there was one answer out there, we would all be scrambling to do it.

The CHAIRMAN. Well, thank you all very much. Let me make one comment and possibly one question of you, Danny. But, Professor Keene, when we look at the urban and urban-fringe growth, you referenced Montana. I come from Idaho, mostly known to people as a large, open State, lots of public land, large ranches. Strangely enough, the economy of those ranches is dramatically impacted today, also. Few, if any of them, are profitable.

As a result of that, they fall victim to being divided into ranchettes, if you will, or smaller divisions which destroy the concept of large ranches, most importantly destroy the concept of open country and open range. And therefore flows of wildlife and all kinds of things come into play there. And it has been interesting for me over the years to watch the preservationist movement attack ranching, only to destroy it in part—to therefore destroy the landscape that they were wanting to protect.

Another great influence, and I think negative, is—I call it e-commerce wealth, young people with lots of money who find romance with the farm or the ranch and want to go out and buy one of these pieces of property at three times its productive value to shoot the values up, to force a lot of other kinds of things to happen in the marketplace of values and estates and future acquisitions for actually productive purposes of these properties.

Danny, my question of you—and it is not to be the spoiler—but while we are abiding by substantial surpluses in Washington at this moment, it does not mean we are awash with money available to fund these kinds of programs. We have to struggle for every dollar we can get. What has been the average cost of a conservation easement to date since the program started on a per-acre basis? Do you know that figure?

Mr. SELLS. I do not know the figure.

The CHAIRMAN. I mean, I am sitting here looking at background from fiscal years previous and I am seeing, for example—and I didn't bring my calculator and it probably would not be accurate—but I am looking at 176,254-acres at $329 million and other kinds of figure talked about; 98-farms, 10,000-acres, estimated value of $40 million. What are these costing the American taxpayer today and is that just a Federal presence or is that the total value for conservation easement when you incorporate these local or State dollars that might be at play there?

Mr. SELLS. Well, that is going to be the total of all the various investments that go into it or the total value of the land. And, of course, in my comments I indicated that out of the $35 million to the Farmland Protection Program that has been used thus far, we have leveraged about $190 million of State and local dollars. So, the contribution is reasonably small. I have seen some numbers that at say we leverage about eight dollars for every Federal dollar. I think it is somewhere along those lines.

And, you know, the land ranges hugely in value. And naturally, from the standpoint of your State compared to here, it is going to be somewhat different, excluding those e-commerce folks that are able to go out there and pump that price up. My own farm in east Tennessee was purchased in the early 1960s at about $500 per acre and today I could sell it for better than $10,000 an acre.

The CHAIRMAN. Sure.

Mr. SELLS. So, those kinds of values have caused it to become a more expensive proposition and, in my mind, actually showing a greater need for us to continue within those limited budgets trying to prioritize as many dollars as we can to help those local programs come over that last hurdle that helps them actually get that easement in the bank so that folks can actually protect those lands.

But, my assumption is going to be—and this is a guess, and we will get an answer back to you—but my assumption is going to be probably in the neighborhood of an easement running on average probably somewhere between $2,000 and $3,000—probably—an acre across the country when you put everything together. But, again, I think that would be the total easement value and not just the Federal contribution.

The CHAIRMAN. I have no way of calculating that.

Senator SANTORUM. Pennsylvania is $1,952, so about $2,000. But, in Jim's county, in Montgomery County here, which is the third-highest, the average is $5,200 an acre.

The CHAIRMAN. And part of the reason, you have just stated, Dan.

Yes, Professor?

Mr. KEENE. It varies so much from one State to the next and from one area to the next.

The CHAIRMAN. The difference we have experienced, certainly with these kinds of easements versus scenic-value easements—usually scenic-value easements are drawn or acquired after you have drawn a line around a designated area, and by that line you have created a bidding war that shoves up values and the last one out gets the highest value, unless you lock a value in at the Federal level, which we have never done to date, and I have seen entry easements go for as much as 200- to 300-percent less than the final easement acquired with it, but that is because you have got designated boundaries. That would be less the case here.

Ms. HEINRICHT. Some of the programs actually include discounting of the easements in their programs. Delaware, for example, their program, they do appraisals of all the properties in the application and then that is made public. And then the farmers come in and discount what they will accept.

The CHAIRMAN. Is that against a fixed value or a fixed amount of money to be distributed for those acquisitions?

Ms. HEINRICHT. Yes, they know how much is going to be spent that year.

The CHAIRMAN. So they tend to then bid themselves down into the value or the amount?

Ms. HEINRICHT. Right. Very few programs are actually paying full market value for the easement itself, so that a great deal of it is the landowner donating some of that value, and again that is where taxes come in, because they get to take a tax advantage for that donation.

The CHAIRMAN. I am going to have to conclude this panel or we are going to run out of time, folks. We could go on all day about this. It is important. Yes, Professor?

Mr. KEENE. Could I make a request? I received the invitation to attend this hearing toward the beginning of last week and I had a number of other obligations. I wonder if I could have a few days to submit my full statement?

The CHAIRMAN. Surely.

Mr. KEENE. I have a copy of my remarks and I have a copy of the American Farmland Trust book. I do not know whether you have this for your files, but I would like you to have it, because I think it does talk about the purchase of conservation easements.

The CHAIRMAN. Well, we value your testimony and, of course, you can have that time, because we want your full statement be a part of the record we are building here.

Mr. KEENE. Thank you.

The CHAIRMAN. Thank you all very much for being with us this morning. Let us move to our second panel then. Well, the commissioner that was referenced by Senator Santorum, the Honorable James Matthews, Commissioner, County of Montgomery here in

Norristown, Pennsylvania—Janet, how did we decide to pronounce your name? Thank you. Janet Oertly, Pennsylvania State Conservationist, Natural Resources Conservation Service; Omar Beam, recipient, Farmland Protection Program; and Marion Bowlan, Executive Director of Pennsylvania Farmlink, from Manheim, Pennsylvania.

Representative Bunt.

Mr. BUSHNELL. Good morning. I am Bill Bushnell. I am Legislative Assistant to Representative Ray Bunt. The representative sends his apologies. He is under the weather this morning.

Senator SANTORUM. Oh, okay. Thank you.

The CHAIRMAN. Bill?

Mr. BUSHNELL. Bushnell.

The CHARIMAN. Bushnell. All right. Commissioner, this is your home turf. Therefore, you are the ranking. We will start with you, Commissioner Matthews. Thank you.

STATEMENT OF JAMES R. MATTHEWS, COMMISSIONER, COUNTY OF MONTGOMERY, PA., NORRISTOWN, PA.

Mr. MATTHEWS. Thank you, Mr. Chairman. Good morning, Senator Santorum, as well.

Senator SANTORUM. Good morning.

Mr. MATTHEWS. Well, being the ranking does not mean the most informed, but I am one of those guilty parties the professor spoke to. My expertise in the last 30-years has been in the area of veterans financing. I have been in residential housing for years and I know to what point he was alluding, the unintended consequences of the success of the Veterans Administration program in populating our suburbs and depopulating our farms.

Having mentioned myself as a guilty party, I am not necessarily the most informed party sitting next to the representative of our agricultural chair, I believe—isn't he—in the house, and in the absence of Elizabeth Emlin, who I had hoped to have here this morning, of our farmland preservation group. I will continue nevertheless. But, before I give my prepared comments, I would note something that Mr. Bunt is wont to say to folks in this situation.

He speaks frequently of the fellow who comes down his driveway and cannot get back into traffic on the rural roads out here in the suburbs in Montgomery County and who becomes a rabid advocate of farmland preservation and who gets very, very involved after just a few years here on the Montgomery County reservation in condemning the conversion of farmland to residences, and who then is confronting the farmer across the way and trying to do anything he can to preclude the sale of that beautiful, pristine farmland. But, without thinking, what was the farmer's view before he moved in 2-years prior? He has lost his few, as his gentleman is now afraid to lose his. What it all comes down to, not to get too urban, but Philadelphia is my homeland, is that money seems to be everything. Money seems to be the root here of all of these conversions.

This is the nest egg. This is the stake, especially in the climate of low profitability. You are talking—you can allude to the IRA, 401(k), the family assets, whatever, but when confronted by a voracious consumer appetite for the standard suburban dream, it is

very difficult for our farmers, and I am a member of the Grange, to turn away from the lure of the dollar. So, when Mr. Payone and Mr. Cutler, when CNM developers and others come forward offering prime dollars, it is very difficult. In the absence of what the previous panel mentioned, I think the three priorities were funding, funding, funding, I will add funding, speaking for Montgomery County, as another priority.

We need more money to offer the farmers as a compensation, if you will, economically for the allure of the quick dollar from the developers who are offering so much per acre right now to develop that farmland into housing. So, yes, we need more in the way of funding. We have had some catastrophic losses of our own. I am deviating from prepared statements here. The Matthews, as you know, do not go very well with prepared statements.

The CHAIRMAN. We understand you have a black sheep in the family.

Mr. MATTHEWS. I understand. That is true. So I will get to the nuts and bolts here. We have 462 farms in Montgomery County and only 41,500-acres-in-farms. That was based on a 1997 census figure. So, we have lost over 30,000-farmland-acres and 250-farms in the last 20-years. In the last 50-years, we have lost 120,000-farmland-acres and over 2,300-farms. Obviously, developmental pressure continues and we are fearing that over the next 20-years our population is going to go up 86,000 folks, which is a 12-percent increase in our current population.

We certainly have a viable farming community and we sell annually an immense amount, $37 million in agricultural products in Montgomery County. That is not big by Idaho standards, but we are talking something important in Montgomery County here, the aesthetics as well as the production. We have a farmland preservation program that has been very successful. We purchase development rights, and it is one of the best tools we have for preserving our community.

Since 1989, we have preserved 56 farms and a total of 4,650-acres. This is only 11-percent of our county's existing farmland, only 11-percent, so we sincerely have to preserve more as time allows. The enterprises are substantial: dairy; beef; buffalo; poultry; orchards; Christmas trees; feed process centers, etc.. There is no question we are diverse here, but we need to pay farmers high land values because of the high market value of the land, and we consider it worth the cost.

Quite honestly, yes, I would lean to the aesthetic side of the argument, as opposed to the produce and to the production side. Needless to say, our port in Philadelphia is quite active. The figures run into the hundreds of millions of fruit and vegetable products we bring in from South America right here on our eastern shore here in Philadelphia. But aesthetically, as the professor so ably stated, once it is concreted over, it is gone.

Now, the Federal Farmland Protection Program, we are very much in favor of it. It has been available, as you know, for three rounds, since 1996. The Pennsylvania Department of Agriculture forwards the information to us each time a new round is announced and each county is encouraged to submit applications, especially if the farms contain a large amount of soils in agricultural

capability classes I and II and were relatively large in size, but these measurements discourage Montgomery County farmers.

We have excellent agricultural production, but there are virtually no class I soils anywhere in the county, nor are our farms as large as those in other parts of the State. Montgomery County's median farm size of 36-acres ranked 65th out of 67 counties. So, you talk about Montana, we have been diced and sliced for a long time now.

We strongly encourage the Federal Government, strongly, to support farmland preservation in areas like ours under great developmental pressure. If we do not save the farmland now, well, etc., etc.. We all know. It has become a refrain in Pennsylvania, the most popular expression referring to Mr. Hilton and his work, Save Our Land, Save Our Towns, and those phrases are interchangeable. We have to act now and we could use, as two of the three earlier speakers alluded to, funding, funding, funding.

The CHAIRMAN. Commissioner, thank you. Bill, we will now turn to you, speaking on behalf of Representative Bunt, and your full statement, as his, will become part of the record, as well.

STATEMENT OF BILL BUSHNELL, LEGISLATIVE ASSISTANT TO REPRESENTATIVE RAYMOND BUNT, JR., 147TH DISTRICT, MONTGOMERY COUNTY, HOUSE OF REPRESENTATIVES, COMMONWEALTH OF PENNSYLVANIA

Mr. BUSHNELL. Sure. Yes. Thank you, Mr. Chairman and Senator Santorum. I am Bill Bushnell. I am District Legislative Assistant to State Representative Raymond Bunt, Chairman of the House Agricultural Affairs Committee. I will read his prepared statement.

We, in Pennsylvania, take farmland preservation very seriously and have since 1988 when the legislation was approved to create our statewide program. Subsequently, our program was funded by a voter-approved $100 million bond issue. This voter referendum notably passed overwhelmingly. In addition, later legislation earmarked two cents per pack of our State cigarette tax for the program.

More recently, there was a $43 million special appropriation as part of the 1999–2000 State budget and a commitment of an additional $20 million per year for the next 5-years. Furthermore, since this is a cooperative State/county program, it is to their advantage for counties to commit monies of their own. Most have responded and there have been a total of $93.7 million, county dollars, committed to the effort. Recently, because of municipal interest, our law was amended to allow local governments to participate in the effort by contributing funds of their own.

To date, the States and counties have spent a total of $334.4 million for permanent easements on farmland. Combine this with the fact that we are positioned to spend a minimum of $45 million a year of State monies to preserve our valuable farmland for the next 5-years, and I would guess that this is a commitment to a farmland preservation unmatched by any other State. As a result, I am pleased to be able to report that, to date, Pennsylvania has perpetually preserved 1,381-farms, comprising over 170,000-acres in 42 county statewide. Even so, new applications are being received at the rate of nearly 500-per-year.

This is in addition to the approximately 1,400-farms and 172,700-acres in the pipeline or on the waiting list statewide. In other words, even with all of our success, we currently have more farms that have applied and are waiting than we have preserved in the past 10-years. In most counties, there is a 3- to 5-year backlog of farms. I offer these statistics as dramatic evidence that preserving farmland is of the highest priority to both our farmers and our citizenry.

The success of and demand for being included in the program proves that there is both a need and interest for it to continue, and the Pennsylvania General Assembly continues to wholeheartedly support it. With respect to the Federal program, I want to acknowledge that we have received Federal money in three of the past 5-years, totaling $2.2 million. This additional money was most appreciated and, as a supplement to our State funding, was well-spent.

Nonetheless, I have demonstrated that our State money dwarfs what we receive and, more importantly, our demand still far exceeds what the State alone can provide. Therefore, any additional Federal dollars would be most welcome. Finally, as you consider this issue, I certainly hope that Pennsylvania's commitment and success is viewed as a reason to increase our allocation and not an indication that we are either willing to or capable of meeting the demands for funding on our own—with our program counties—are rewarded with greater matching funds for the dollars they put into the program.

I suggest that States making a financial commitment of their own should be likewise rewarded with a higher percentage of the total Federal dollars. Once again, I would like to thank you for the opportunity to share Pennsylvania's perspective on preserving farmland forever.

Thank you.

[The prepared statement of Mr. Bunt can be found in the appendix on page 51.]

The CHAIRMAN. Bill, speaking on behalf of Representative Bunt, let me thank you very much for being here today. Now let me turn to Janet Oertly, Pennsylvania State Conservationist, Natural Resources Conservation Service, USDA.

Welcome.

STATEMENT OF JANET L. OERTLY, PENNSYLVANIA STATE CONSERVATIONIST, NATURAL RESOURCES CONSERVATION SERVICE, USDA, PHILADELPHIA, PA.

Ms. OERTLY. Good morning. Mr. Chairman and Senator Santorum, thank you for inviting me to discuss the use of the Farmland Protection Program here in Pennsylvania. I am Janet Oertly. I am the State Conservationist for Pennsylvania, for the Natural Resources Conservation Service. I would like to begin by recognizing the efforts and leadership of members of this subcommittee, especially Senator Santorum, for taking an active role on this issue.

Pennsylvania is a rich diversity of landscapes created by its location, climate and soils. This rich diversity has allowed Pennsylvania farmers to provide food and fiber to our Nation for over 200-years. Sustaining farms in Pennsylvania for centuries has been

possible through sound land stewardship. Because of this tradition of land stewardship, it is no surprise to me, a native Pennsylvanian, that Pennsylvania is one of the leaders in protecting farmland in this Nation.

Pennsylvania has one of the highest rural populations in the Nation. Farmers on the edge of urban development face many challenges. As a response to the need to protect Pennsylvania's largest industry, agriculture, the State has used Federal programs, such as the Farmland Protection Program, to enhance local and State programs. Governor Ridge's 21st century Commission identified sprawl as the most important environmental issue in the State.

The recent passage of Pennsylvania's Growing Greener and Growing Smarter legislation provides a significant increase in State funding and local planning for farmland protection. In Pennsylvania, the Federal Farmland Protection Program funds have been used to leverage funds from the State and local Government entities that have Farmland Protection Programs.

The program has facilitated conservation partnerships with the State and local Government entities to acquire perpetual conservation easements. It is one part of a broader effort to protect farmland from urbanization, and helps to maintain a healthy environment and a sustainable rural economy. The national program was originally funded at a level of $35 million. Pennsylvania received over $3 million of that national funding.

With these funds, 57 farms representing 11,419-acres-of-farmland in Pennsylvania will be permanently protected and will continue to remain in agricultural uses. In addition, the Federal investment in farmland protection was matched by about $24 million in State and local contributions. This represents that for every Federal farmland protection dollar sent to Pennsylvania, there has been another eight dollars in State and local funds to match this investment.

I might add that each of these farms has a complete conservation plan and the owners have committed to a schedule for complete implementation. The availability of the technical assistance funding needed to help farmers plan and implement these plans is an important part of the program in Pennsylvania. Allow me to describe one example of the program in southeastern Pennsylvania. Three farms in Berks County's scenic and productive Oley Valley added over 350-acres-of-permanently-protected-farmland to the 28-farm, 3,600-acre block of farmland in the valley.

The Oley Valley has been one of the region's most important agricultural areas since originally being cleared by German farmers over 200-years ago. The Brown, Mast and Rothermill, Hopewood and Ford farms, added with help from 1998 Farmland Protection Program funds, are all adjacent to other permanently protected farms. The Farmland Protection Program is making progress in protecting farmland, but as we have heard the needs are great and more resources are needed.

As Mr. Sells indicated on the earlier panel, our agency is committed to working with you, Mr. Chairman, and the members of this committee to continue funding and supporting for the program so that we can maximize the benefits of the State and local initiatives. I look forward to working with you on this issue. We need to ex-

tend the funding authorization for the Farmland Protection Program to make it work. And I will be happy to answer any questions that members might have and thank you again for the opportunity.

[The prepared statement of Ms. Oertly can be found in the appendix on page 53.]

The CHAIRMAN. Janet, thank you very much. Now we turn to Mr. Omar Beam. You are unique to the panel, and I say that because we have heard from advocates and those who put the programs together. Now it is pleasing to hear from a recipient of the Farmland Protection Program. Nice to have you with us.

STATEMENT OF OMAR BEAM, RECIPIENT, FARMLAND PROTECTION PROGRAM, ELVERSON, PA.

Mr. BEAM. Good morning, Mr. Chairman and Rick. My wife and I—my wife is here in the audience; I brought her along—we have a family farm. We went into the program in 1997. We sold a little over 200-acres of our development rights to the State. The county is out with a new book and it is really interesting. Chester County just come off—it is really—I wish they had had something like this printed when we sold our development right, but it gives you a lot of guidelines for tax structure and everything as you sell your development rights.

We started farming in 1950 and my, how things have changed since then. My dad was a farmer, but he had come from New Jersey. And he told me, when I wanted to start farming—he said my advice to you would be if you can't do anything else, is what they said when he was a boy, if you can't do anything else, you can farm, because anybody can walk behind the plow and handle a fork. But, he says, the day is coming now, if you can't farm, you better do something else, because it became so much like a business and it was altogether different. There were so many decisions that had to be made.

When we started out, and the question then, when we come to a certain age, how do we retire? I had a son that came back from Penn State, and when he came back I soon saw that his education and his decisions around the farm there, that we needed somebody in leadership with a different viewpoint on things than what I had when I was farming.

And the sad part of it is, about all of these problems, is the farmers in our community—and by the way I am from Chester County. I better make that plain. There has been a lot about Lancaster County. But we receive the dust that blows over the hill in Chester County and that is what keeps us afloat. But anyhow, the farmers were bidding against farmers, and that is a good way to wean out the farmers that have difficulty surviving or are poor managers, by bidding against each other, because the poor farmer who does not make the right decision is going to soon be left in the dust.

But then when we came and we had to bid against a developer, things really changed, in that changed the whole structure in our community. The developers came out there and they all wanted the best land, class I and II and III, and we all know that class I and II is the easiest to develop. That is the land he wanted and he could afford to pay more than a farmer.

The thing of it is with a farmer, if you plant an acre of corn and you get 150 or 200 bushels to the acre and you get two dollars a bushel, there is only so much income you can get from that one acre. But you take a developer, he can easily add $5,000-to–$10,000 per lot because he is buying the best land and it is easier to develop, and people are moving out and that is just what they want.

We have a lot of Amish people not too far from our community, and the thing that they are doing is dividing their farms up because they can no longer afford to buy more land and more farms. And this is going to hurt us. I have been involved in decisions in the township—well, I have been a township supervisor 30-plus-years. I won't say how many. But anyhow, this is going to hurt us because you are going to get more pollution. I'd rather them spread their manure on 100-acres. They are spreading it now on 30-acres and there are many ways that is not the answer to the problems. And this is the route they are taking because they do not want to carry the debt.

We have to realize, when we started farming, I remember after the first 10-years we were feeding like 70-head-of-cattle, we had 200-hogs, we farmed 100-acres and we thought we were really getting up there. But, when I retired, we were farming 600-acres and we had about 3,000-hogs and we also had several hundred cattle. So, for my son to take over, it made it difficult. And we have some difficult decisions to make. And we wanted to leave the farm because all of our assets, of my wife and I, was tied up in the farm. And yet my son wanted to keep on farming, and we do have some good soil. And another thing that was a plus to us, we had four or five neighbors that had sold their development rights, which makes a nice block there in our community.

So, the business decisions today of a farm, a lot of them are made in the office. Farming is so much different and it takes so much money, so for us to look at the development rights in order to hand the farm over to my son, hopefully it works out someday that he can do that. But the last year has been a drought year and the low hog prices and so on and with the low grain prices, it has been making it kind of difficult.

But I think when a farmer decides what he wants to do, there are several things he needs to look at. And it has been talked about; one is money, one is family and one is friends. Family is important to my wife and I, and my son likes to farm and he is a good farmer. He was a good student at school and we want to try to help him out. And friends, community, you know, if we go back and one of the first Commandments we have is love your neighbor as yourself. Well, today that is not the thing most of us do.

I could have sold that farm, 240-acres, and put a development in there. But we have a farm that has went that route, and I am not condemning him. But the thing of it is they had just built a new school in our community. Now that school is being filled up because there are 200-and-some homes going into his farm there and it raises the taxes for the farmers that is already there.

So, my wife and I took a look at that. We took a look at the family situation and we took a look at the money. We didn't get the most money by going this route, but that is not the problem. The problem is we want to leave this world or leave this community

with a lot of friends involved. My wife and I have always loved to work the soil, raise the crops, harvest the crops. That has really been important to us.

So, selling our land for the development rights was a way out for us that we could do this, and I am happy we made the decision. I am glad of it. So, thanks. If you have any questions later on, I will be glad to answer them.

The CHARIMAN. Omar, thank you very much for that testimony. That adds a valuable perspective to the record we are trying to develop. Now let me turn to Marion Bowlan, Executive Director, Pennsylvania Farmlink.

Welcome.

STATEMENT OF MARION BOWLAN, EXECUTIVE DIRECTOR, PENNSYLVANIA FARMLINK, MANHEIM, PA.

Ms. BOWLAN. Good morning, Mr. Chairman, Senator Santorum. Let me begin by giving you some background information on myself. I am a third generation farmer from Lancaster County with experience in both beef and vegetable production.

The CHAIRMAN. Then let me apologize. I said Mr. Beam was the only farmer before us this morning. Not true.

Ms. BOWLAN. I have two roles.

The CHAIRMAN. All right. Thank you.

Ms. BOWLAN. We sell our hormone and antibiotic-free beef directly to consumers. I am also the Executive Director of Pennsylvania Farmlink, which is a nonprofit organization that works with beginning and retiring farmers to create more farming opportunities in Pennsylvania. Farmlink is part of the larger National Farm Transition Network that works to establish the next generation of farmers.

In addition to that, I am also a member of USDA's National Commission on Small Farms and I am a current member of the USDA Small Farm Advisory Committee. So, that is some background on me. I want to talk to you about both my professional and personal experience and some recommendations that I have for the farmland preservation program. I would really like to focus my talk on the very human problems that currently are not addressed by this program.

I want to begin by telling you a little bit about Pennsylvania Farmlink and its work with beginning and retiring farmers, with the mission of creating farming opportunities for the next generation. We provide regional seminars on passing the farm on to the next generation. We provide new-and beginning-farmer workshops and marketing workshops that are targeted to improve the farmer's bottom line.

We also operate a linking service that matches farm owners with people who want to get into farming. Although we are a small agency, we have been successful in making a difference in the lives of many farmers by getting them to realize they need to plan for the future of their families and their farms. I wanted to let you know about our organization so I could relate to you what I have encountered in my professional work.

The critical time for a farm to go out of farming is when the existing farmer is thinking about retirement or is already retired.

Particularly if the children do not want to farm or take over the farm or if there are siblings who do not agree on what should happen to the farm, the farm is vulnerable.

Let me explain. I recently worked with a family that had two sons that were interested in farming. Both had off-farm jobs and were helping their parents in their spare time. The parents were retirement age, but couldn't afford to move off the farm so that their sons could take over. I suggested that they preserve their farm and use the sale of the conservation easements for their retirement needs.

The family applied for farmland preservation funds, but they are not at the top of the list because of soil types and proximity to other development. I am not disputing these factors and agree that soil types and development proximity are important considerations. What I would like you to consider is the human element. Is there an individual who wants to take over the farm? Could we preserve this farm if we took into account the family circumstances? Is there a farm succession plan? Do we have a beginning farmer who wants to farm the land?

These farms are businesses that are run by human beings and we need to take into account their human needs. Unfortunately, these human issues currently receive little or no consideration in selecting the farms that are being preserved. I contend that they should. Arecent Penn State study indicates that of all the farmland sold in southeastern Pennsylvania in the last 10-years, only 23-percent remained in agriculture.

This is occurring in spite of the best farmland preservation program in the Nation, and I might add that our farm has been on the waiting list for selling our development rights in Lancaster County for 7-years. Yes, additional funding is an issue and is needed. Farmers in Pennsylvania are very interested in preservation, but if the funding is not available or if their family situation is pressing, the temptation to sell to developers is also present.

I would contend that increasing funding for preservation programs is not the only issue. With the family I just discussed, what will happen? The family cannot afford to move off the farm and retire unless they sell the farm. Even though they may want to give their sons the opportunity to farm, they may decide to sell the farm at market value because, in the long run, that may be what is best for their family. If we have the opportunity to get the next generation on the farm, how do we help?

Everyone agrees we want our farmland to be used and be productive. The intention of the program is to preserve farmland and not just open space. How do we decide who will be our next generation of farmers? That brings into focus a big problem that we face in years to come. In the Nation, we have three times as many farmers over 65 as under 35. Recent census of agriculture statistics indicate that farmers under the age of 35 decreased an alarming 46.4-percent from 1987 to 1997.

Today's slim profit margins make it very difficult for a new generation of farmers to get started. How are we going to help? One of the ways we can help is to tie farmland preservation efforts into farm succession efforts. I made these recommendations as a member of the National Commission on Small Farms and my current

work with the USDA Small Farm Advisory Committee. They are still pertinent.

Why don't we provide incentives to farm families to transition their farm to a new generation of farmers, related or not, by giving them extra points for developing an active plan to pass their farm on to an enterprising new farmer? This would give an extra boost to the family I just mentioned and would put them higher up on the waiting list for preservation. It just may save the farm for this family and others like them.

As we all know, we make decisions based on our own family's circumstances. The independent farmers of this Nation need your help in securing a new generation of farmers who can establish productive, profitable livelihoods and retain our most precious resource, our farmland. Now I want to switch gears a little bit and talk about my own individual situation.

Largely through the efforts of my mother, my husband and I were able to purchase the farm that came down through her family. We have farmed it for the last 12-years. We both took off-farm jobs to provide for the economic security our family needs. We have two children. At least one is interested in farming. We decided to preserve our farm 7-years ago and have been on the waiting list ever since.

This year, because of an extra infusion of farmland preservation funds, some Federal, Lancaster County is working on their backlog of applicants. We may yet see our farm preserved. Either my son or my daughter will get the opportunity, and if they do not want it, some other enterprising individual will. What three generations have worked to protect while deriving income from it will go on. What better legacy can we leave behind?

I have also worked to try to get my siblings to agree to preserve the land my father and mother farmed for 55-years and where he still lives. My mother died 4-years ago. Some of my siblings want the money they could get from the sale of the farm at its market value. Some want to see it stay a farm. My father feels caught in the middle. He doesn't want to decide. How do we assist families with these decisions? These are big, once-in-a-lifetime decisions. How can we help families make these decisions about farmland protection?

Certainly, providing educational assistance and farm succession planning assistance similar to some of the services that the Farmlink programs will help. And, I might add, we need your financial help, as well. Pennsylvania Farmlink and other linking programs across the country work with families to transition their farms to the next generation. We know that farms need farmers to farm them. Help us help those farm families put the pieces together so they can transition their farm to the next generation and for generations to come.

Thank you.

[The prepared statement of Ms. Bowlan can be found in the appendix on page 58.]

The CHARIMAN. Well, thank you very much for that valuable testimony. That is the human dimension that we thought of in, I think, substantially different terms in the concept of creating this program and what you have brought to us. I think what you are

proposing is growing as a concept to be incorporated, but it is one that clearly is not there at this time. Commissioner, you talk about the lands here in this county that you have participated in helping protect. Have those farms been blocked or are they contiguous? Have you looked at that as an overriding concept in trying to create blocks of land?

Mr. MATTHEWS. It is defined areas, target areas, that are eligible, and it is, obviously, substantially the western portion of the county.

The CHARIMAN. How successful have you been in bringing about contiguous acreages?

Mr. MATTHEWS. I would say, based on my recollection of the mapping, that we have no more than 8- to 10-percent contiguous, and that might even be an exaggeration, Senator. Again, it is a targeted area. We have not been that successful in preservation, an 11-percent area, but it is more or less again the western portion of the county, so again very little contiguous, 5-percent, I would say, tops.

Our problem remains the cost per acre, the agricultural value versus the market value that has been addressed so frequently this morning.

The CHAIRMAN. Have you, as a Commissioner, had personal dealings in these properties, knowing the people involved? I mean that from the standpoint of being able to respond to the next question. How many of these properties or owners were driven by problems of estate tax and the general problems of ownership transition?

Mr. MATTHEWS. I would not have that personal knowledge, Senator.

The CHARIMAN. All right. Janet, apart from authorizing more money, with your experience on the ground, what can the Committee do to make farmland protection more efficient than the current program?

Ms. OERTLY. Well, I think we have used all the flexibility that the Committee afforded us in the current program in the way we operate it in Pennsylvania in allowing us to utilize the State and local easement process that is already in place in Pennsylvania. So, in Pennsylvania it operates fairly much as a seamless system, because we have looked at their easement documents. They add a Federal reversionary clause into their easements and we have just piggy-backed on what they are doing.

We also look at the criteria that they are using and we have tried to mirror that. Probably, from what I have heard from my State counterparts, something that might make it operate more efficiently is if they knew for certain. There was going to be an annual Federal Farmland Protection Program. For example, in Senator's Santorum's proposal, if there were going to be $50 million available every year, then they know it is there, as opposed to how much is it going to be. It is almost like a given amount that they know is coming.

And I strongly support the idea of local and State input, which we have tried to do very much in Pennsylvania, so they know where we are coming from and can prepare for it. If there is a set amount that is coming and a set timeline as to when, then they can prepare. Sometimes when the program announcement has

come out, there have not been enough days perhaps for them to get everything prepared that they would like to in order to submit their priority list of farms.

The CHARIMAN. OK. Thank you. Rick, questions?

Senator SANTORUM. Yes, thank you. And thank you all for your testimony. And just a couple of points. Mr. Beam, your point about the Amish is a very important one. Do the Amish participate in this program? I would think they don't, but do they?

Ms. OERTLY. I think they may through the trust, as opposed to the Government.

Ms. BOWLAN. They do in Lancaster County through the Farmland Trust.

Senator SANTORUM. They do? And the reason I mentioned that is if they would, I am sure they wouldn't participate through the Federal Government or through the State government, but that adds to maybe some of the points of the flexibility of the program. Do you have any comments about Commissioner Matthew's comments about the fact that there are no class I soils here and they do not have large farms and the skewing of some of the criteria that may be out there, and the point about maybe some more flexible criteria to be able to deal with some of the different situations that we have?

Ms. OERTLY. Well, what we have tried to do in the Federal program is we actually go down to land capability class III and consider the soils of statewide importance. So, we do look at land capability classes I, II and III in our criteria, which brings it down a little bit closer to what you are looking at in Montgomery County. We do look at the number of acres involved, that is where the size of the farm would actually come into play. So, we do look at that.

We did, in the very last round, take a look at the fact that when you look at some of the soils in particular and if you listed all of the farms in a priority order, it becomes very difficult to get any Federal dollars outside of a specific area, because of the predominance of class I soils, and the amount of money that the local county program may be offering. They would ask for less of the Federal dollars. So, we looked at the uniform planning regions across the State and set as one of our criteria that we would take the top farm offered from each of those 10 planning regions, because we were hearing a lot from some of the counties in the western half of the State, saying, "We are not able to compete to get some of these funds."

By doing that, they all sent in their priority farms and we took the top farm that ranked out from each of those uniform planning regions. And that was flexibility we already had.

Senator SANTORUM. OK. Any of the concerns that Ms. Bowlan brought up? Those are not really decisions you would make on the Federal level. Those would be more the local communities making those decisions, using those factors?

Ms. OERTLY. Yes.

Senator SANTORUM. Jim, are you aware of any? Is that a factor in looking at what farms you are going to preserve? Is the situation the family may be in or the pressure they may be under?

Mr. MATTHEWS. No, we look at it more as to locale as a priority. We are trying to stop certain movement in certain areas where

there is a lot of congestion and just grab that piece of land right there. That is our number one priority right now, is the locale, what is the front line of development in that area, where does it look like it is going, and we will lean more in that direction—again, our problem being the dollars involved.

It is difficult—I can't speak for Mr. Beam, but I know it is difficult for many of the farmers I have spoken to. Senator Craig asked me how many of these I have had person-to-person contact with. Not those who did, but those who were considering it, I have talked to a good many farmers and they are afraid of the necessity to sell at some of the very high prices they are being offered for their land. And they are afraid, where they had not thought about it in the past, they are thinking about it now and how close can we come. Well, once you get up to these land values of $14,000, $16,000, $17,000 an acre, there is no way we can compete.

Senator SANTORUM. Thank you, Mr. Chairman. I appreciate your testimony, everybody.

The CHAIRMAN. Jim, one of the things you just mentioned is critical. Most farmers are farmers at heart. I know I grew up and actively farmed and ranched until I changed locations and went indoors, where there is no heavy lifting, at least that is what some people think about the work that Rick and I are now in. But, most farmers don't want to sell their land for development. They don't really look at it from that standpoint if they are long-term farmers, and yet, as has been stated, it is their retirement. That is how the family plans for its retirement. It doesn't go out and buy retirement programs and that. It usually considers, at some point in time, termination of active farming and moving into retirement and the accumulation of assets and the ability to transfer those assets in a way that sustains the property in a farming environment for—especially if it is for a family member, and then to be able to live from them in what most farmers would think is a lifestyle they would like to have at the end of their work period in life.

It is a very real frustration. I am not sure how we incorporate the human factor at this time. I think you brought up an extremely valuable point, Marion, and it is one that is—it is something that is not measurable. It is emotional and it is real. I know it is real. I have been there with my family, and yet at the same time when we are asking—whether it is USDA or Soil Conservation Service or whether it is State and local communities—to make judgments based on aesthetics or open space or traffic patterns or development directions, those are fairly measurable and predictable. That is something that, to get into some of these other values and to make that a criteria, how do we do that successful with the program?

Ms. BOWLAN. Could I comment on that?

The CHAIRMAN. Please do.

Ms. BOWLAN. One of the recommendations that we put in the report from the National Small Farm Commission was that, in addition to some of these other practices like conservation practices that farmers are required to do to get farming preservation money perhaps, they look at a farm succession plan as part of the criteria and give extra points for that. Then you know that the family has actively planned for it to go to the next generation. And it doesn't

necessarily need to be to a family member, but just to another Farmer.

The CHARIMAN. OK. That would be a factor that would fit there. That is a more measurable or fixed concept, that it just stays in agriculture. Let me ask this question of you, because of the value of land and even with conservation easements acquired—and you said it well, Mr. Beam, the selling of development rights. That is another term to be used here. But still anticipating the land would stay in agriculture, is there any consideration or is there any value or requirement placed in the criteria that would suggest that in transition the lands sell for a value minus those rights that were acquired?

If I am out there looking for farmland and I am looking at land that the development rights have been sold off from, can I expect a different market value than those that might not be? What has been your experience here in the transition, let's say out of family but to another farmer? Can anyone react to that? Have we changed the character of the marketing of that property?

Mr. BEAM. It has been an our area that it is amazing how much the farmers are willing to pay because they are selling farms there that have been reserved now for $4,000 and $5,000 an acre. And developers come in there, you know. They are mostly paying about $10,000 now. But I was surprised, because they had told us, the mortgage companies and everybody, because when they finance a farm that has these rights sold off, which is their option—if the farmer can't make it, that they can unload—that they were selling quite that high, but that is what it has been.

The CHARIMAN. Still selling. OK.

Mr. BEAM. And there is plenty of demand. And there is one point that I don't think was brought up yet, and that is every time there is a farm sold in the community, it is just another vote for all them service businesses in that area to put him out of business or close his doors, because we need that guy that hauls the milk. We need that guys that sells the tires. We need that machinery dealer down there when something goes bad. And every time this farmer gets less, his business is dropping off, and therefore it is just another vote. So, this thing ripples out over the communities a lot more than a lot of people think.

The CHAIRMAN. That is well-spoken. It is very true. Most small agricultural communities have experienced that as the character of agricultural was changed. Well, once again let me thank all of our panelists for being with us today, taking time to help us build a record on this issue. I think that really it is a work in progress, and I say that based on the experiences you have all had, obviously having a State that has led on this issue has been, by all appearances, extremely valuable. And, as Rick has said, it has had an influence on the Federal policy, without question.

At the same time, as we tend to develop this and my guess is we will, as its popularity grows, as its understanding grows to preserve and maintain, we will have even greater pressure put on us at the Federal level to not only increase the funding, but adjust the program, in part, as you suggested, Marion, to measure at least in determining other values. But, again, thank you all very much for coming before the Committee.

My guess is we are out of time and something about me having to catch a train, but the crowd doesn't appear to be surging out there at the moment for access to microphones. So, with that, I will adjourn the Subcommittee.

[Whereupon, at 12:01 p.m., the Subcommittee was adjourned.]

APPENDIX

SEPTEMBER 18, 2000

STATEMENT OF DANNY SELLS, ASSOCIATE CHIEF,

NATURAL RESOURCES CONSERVATION SERVICE

U.S. DEPARTMENT OF AGRICULTURE BEFORE THE

U.S. SENATE

SUBCOMMITTEE ON FORESTRY, CONSERVATION, AND RURAL

REVITALIZATION OF THE COMMITTEE ON AGRICULTURE, NUTRITION, AND

FORESTRY

September 18th, 2000

Mr. Chairman and Members of the Subcommittee, thank you for inviting me to discuss the important issue of farmland protection. I am Danny Sells, Associate Chief for the Natural Resources Conservation Service (NRCS). I would like to begin by recognizing the efforts and leadership of Members of this Subcommittee, including Senator Santorum, for introducing S. 598 and co-sponsoring, S.333, that would the increase the funding authorization of the program and make a few changes to the authorizing legislation. S. 333 would provide $55 million annually for the program.

There is an important national interest in the protection of farmland threatened by structural development and conversion to non-agricultural uses. Its preservation prevents irreversible damage to vital ecosystems, provides open space, and preserves a quality of life threatened by urbanization.

Preserving valuable and highly productive farmland for future generations is an important priority for the Natural Resources Conservation Service. Every day dozens of news stories point out the impacts of urban sprawl on the livability of our communities and we see farmers making difficult and painful decisions as they see the opportunity to sell their land to developers for soaring prices when many are suffering from low farm prices.

Farmers on the edge of urban development face many challenges. As development ensues, these lands are taxed at a rate that reflects their potential for residential development. As family farms are unable to meet this increasing tax burden, farmland is irreversibly converted to non-agriculture uses. We estimate that since 1967, an average of 1.5 million acres of farmland have been converted to other uses each year. Even more troubling, I would note that in most states, prime farmland is being converted at 2 to 4 times the rate of less productive land. Conversion of farmland could affectof the nation's food supply, and also means lower standards of water and air quality, and lack of open space.

Rural roads and occasional farmsteads in so many parts of the country are giving way to subdivisions, parking lots, and malls. Today counties influenced by urban development account for more than 85 percent of the domestic fruit and vegetables grown and 79 percent of the dairy production. The Office of Management and Budget defines these as counties," within and adjacent to a Metropolitan Statistical Area".

The interdependency between consumers and farmers require us to look at ways to share responsibility for farmland protection. This responsibility starts at the local level. There are many bold and creative efforts throughout the nation to combat the increasing loss of our nation's most important farmland. They include some of the local and state programs this committee will hear about today.

The federal efforts include several new initiatives. The President's FY 2001 budget requests a total of $65 million for the Farmland Protection Program (FPP), of which the Agricultural Risk Protection Act of 2000 provided $10 million for FY 2001. The President's FY 2001 budget proposes a $1.3 billion increase for conservation programs including the FPP that help family farmers take steps to protect water quality and the environment and to preserve farmland pressured by sprawl. Within this proposal are several initiatives including the Conservation Security Program, that provides support for those farmers that are investing in private land conservation. This conservation package is part of a larger Administration budget proposal to strengthen the farm safety net. The FPP is also a part of the Administration's Livable Communities Program, an effort to support locally driven efforts to build more livable communities. Its aim is to provide communities with tools, information, and resources that they can use to enhance their residents' quality of life, ensure their community's economic competitiveness, and build a stronger sense of community. In addition, the FPP is part of the Administration's Land Legacy initiative and included in the Conservation and Reinvestment Act (CARA) that is before the Senate. CARA, as passed by the House, provides $100 million annually for farmland protection and related activities carried out by NRCS and the Forest Service.

THE FARMLAND PROTECTION PROGRAM (FPP)

Mr. Chairman, as you know, the Farmland Protection Program (FPP), authorized by the Federal Agriculture Improvement and Reform Act of 1996 (1996 Act) protects prime or unique farmland from conversion to nonagricultural uses. It provides matching funds to leverage funds from States, Tribes, or local government entities that have farmland protection programs. The FPP establishes partnerships with State, Tribes and local government entities to acquire conservation easements or other interests in land. It protects farmland from urbanization and helps maintain a healthy environment and sustainable rural economy.

The program was originally funded in the 1996 Act at a total authority of $35 million. All of these funds were committed by Fiscal Year 1998, and the easement acquisition process is underway. With these funds, up to 460 farms, representing 127,000 acres of farmland in 19 states will be permanently protected from conversion to nonagricultural uses. In addition, the federal investment in FPP will spur about $190 million in state and local contributions for this activity. This is an impressive return on a relatively small federal investment.

The Farmland Protection Program is making significant progress in protecting farmland, utilizing a relatively small federal resource. But the needs are great and more resources are needed. I commit to working with you Mr. Chairman, and Members of this Committee to continue funding and support for FPP so that we can maximize the benefits of the local initiatives, which have started or have been enhanced by the FPP. As farmers

or as public servants, one of the lasting marks that we will leave upon the land will be the health of our natural resources. Along with that, ensuring an abundance of productive farmland, clean water, and air will be the true measure of what we have accomplished.

I look forward to working with you on this issue to ensure passage of this legislation. The Administration strongly supports both of these bills. Protecting farmland and preserving rural areas facing development will help family farms continue their long and honorable tradition of sustainably providing food and fiber, open space, and a healthier and more livable environment.

I thank the Chairman and would be happy to answer any questions that members might have.

Testimony in support of the Farmland Protection Program
Before the
U.S. Senate Committee on Agriculture, Nutrition and Forestry

Mary Heinricht
Regional Director, Mid-Atlantic Region
American Farmland Trust

September 18, 2000

Senator Santorum, American Farmland Trust (AFT) appreciates this opportunity to provide the Senate Agriculture Committee with our views on the merits of the Farmland Protection Program. I am Mary Heinricht, Mid-Atlantic director for AFT. American Farmland Trust is a national, non-profit organization with 50,000 members working to stop the loss of productive farmland and to promote farming practices that lead to a healthy environment. I will keep my remarks brief and submit additional information for the record.

First, I would like to recognize you, Senator Santorum, for being a champion of the Farmland Protection Program since its inception. Along with Senator Patrick Leahy, you have kept up the drumbeat for new funding ever since the authorized funds ran out in 1998. Hopefully, the inclusion of another $10 million for the program in the crop insurance reform bill by Senator Leahy this spring is an indication of increasing interest in both houses of Congress.

The inclusion of at least $50 million for farm and ranchland conservation easements in the Conservation and Reinvestment Act (CARA) is also a positive sign for the Farmland Protection Program and I hope you will support its passage in the Senate this month. The debate over CARA made two things very clear: Congress strongly supports the dedication of new resources to conservation and many members are wary of significant increases in public land acquisition. Next Congress, members will quickly jump into discussions on the 2002 farm bill and emergency income assistance for farmers. AFT urges you to make farmland protection funding a key part of those discussions.

With almost 2 million acres of farmland lost to development each year, we cannot wait any longer. Many communities are facing land conversion rates that have doubled in the 1990's. These areas contain some of our best agricultural land, producing almost 80 percent of fruit production and half of our dairy products. Of course, numbers don't tell the whole story. Loss of these lands also changes the economic and social character of communities. As residential development increases and agricultural production declines, communities see a dramatic shift in their local tax revenues. Over 70 "cost of community services" studies by AFT and others have shown that residential development

costs a community more than it contributes in local property tax revenues. And, for every farm that is converted to a housing development, business park or shopping mall, there are the farmers who struggle with the new problems development brings, such as traffic congestion, nuisance complaints, and disintegrating agriculture infrastructure. Conservation easements give communities a weapon to save farmland and fight back sprawling development.

Unfortunately, states, counties and municipalities have had to fight this battle on their own. Although governors and county supervisors across the country have initiated farmland protection efforts, federal funding has fallen short. Last year alone, state and local governments committed over $160 million to farmland protection efforts. By restarting the Farmland Protection Program, state and local programs would receive desperately needed matching funds to stretch their dollars. And, they have proven to be very good at leveraging federal funds. The $35 million sent to local communities as a result of your good work in the 1996 Farm Bill leveraged an additional $190 million in state and local contributions.

Both you and Senator Leahy have asked for more than $50 million a year for the program. Although that is a good start, it will not be enough in the face escalating land prices. Just a few weeks ago, a farmer in New Jersey was paid $300,000 for half an acre of land by a developer. This is an extreme example, but some of the best farmland in areas with urban influences has an average real estate value of more than $5,000 an acre. In Pennsylvania, the average is $2,600 an acre. At these prices, it's difficult for states or land trusts to find enough funding for easements to compete with developers or meet farmer demand. For every farmer who sells an easement, there are six more waiting for funds to become available. At a minimum, $150 million a year is needed to help states meet the growing need for easement purchases and to keep pace with development pressures. However, in reality, farmland protection should be elevated to the same level of priority as soil erosion control and wetlands restoration for which billions of dollars have been committed. It is only fair to share the cost of protection between farmers and the rest of society who so greatly benefit from well-managed farms.

In addition to increasing the funding for farmland protection, Congress should make several changes to the program to increase its effectiveness and expand state participation. First, Congress should recognize the sophistication of existing state programs and local needs by making the program more flexible. Currently, easements must comply with many federal criteria and be approved by USDA. Instead, similar to the Forest Legacy program, USDA should allow states to determine priorities and criteria for easements. The criteria and priorities could be approved by NRCS up front rather than approving each individual easement.

USDA also needs to streamline the program and deliver the funds more quickly. Often, state and local programs have already put an easement offer together, bundling many different sources of funding and look to the federal program to fill the gap. USDA has expressed its preference for collaborative projects like this but needs to recognize that

such partnerships are more precarious because of competing needs of each partner. Also, landowners frequently enter into easement discussions because of their own financial burdens or estate negotiations. Waiting a year for federal funding does not work. Again, if USDA gave states more leeway in distributing a block of funding to meet their needs instead of receiving awards for specific projects this problem would be alleviated. USDA could also streamline the review process to make awards quicker.

Finally, more should be done to promote participation by states that have not yet taken advantage of the FPP. Including eligibility for non-profit entities, while maintaining state program approval, is one way to do this and will help leverage private dollars. The program should also be expanded to help protect ranchland as well as farmland. Currently, the program is written to focus on prime soils, limiting states' ability to use it to protect ranchlands. Although this should remain a priority for the program nationally, it excludes too many areas of the country that face considerable development pressure where ranching is an important component of the local economy.

In closing, I want to underscore that for the past quarter century conservation and environmental objectives in our country have been largely achieved by either imposing regulations or through government purchase of private land. However, these actions have failed to resolve conflicts over important environmental problems that rely on the participation of thousands of private landowners. In the 21st century, new approaches to land conservation that respond to the desire of private landowners to improve stewardship will be needed.

The FPP is an excellent example of how to govern in a better way, a way that involves communities and local and state government, a way that empowers farmers and ranchers rather than imposing on them. Thank you for your leadership on this important national issue, and for providing me with the chance to share our perspective with the committee. We look forward to working with you to ensure that America's best agricultural lands continue to produce food and fiber.

Testimony of John C. Keene
Professor of City and Regional Planning
University of Pennsylvania
Senate Subcommittee on Forestry, Conservation, and Rural Revitalization
of the Committee on Agriculture, Nutrition, and Forestry

Monday, September 18, 2000
Norristown, Pennsylvania
concerning
The Re-authorization of the Farmland Protection Program
S. 333 and S. 598

In this summary of my statement concerning the re-authorization of the Farmland Protection Program, I would like to focus on the broader context of managing urban growth, curbing urban sprawl, and protecting prime farmland, within which the usefulness and effectiveness of the Farmland Protection Program must be evaluated. I would like to ask the Committee's permission to submit my written statement in a few days. I received the invitation to testify last week when I had a number of other pressing obligations that prevented me from completing the statement before today's hearing.

Personal Background and Research Interests

I would like to say a few words about my background and research, to give you a sense of my perspective on the matters you are considering. After graduating from law school and practicing law in Philadelphia for five years, I earned a master's degree in city planning at Penn. I have been on the faculty of the Department of City and Regional Planning since 1966. My primary teaching, research, and writing interests concern the legal aspects of urban planning, with special emphasis on farmland protection, growth management and environmental policy. I have been researcher and co-author of two major studies, *The Protection of Farmland*, published by the National Agricultural Land Study in 1981, and *Saving American Farmland: What Works*, published by the American Farmland Trust in 1997. I have also been co-author of books on growth management in New Jersey and Pennsylvania, as well as a number of other law review articles and reports dealing with urban planning and farmland protection issues.

Urban Sprawl, the Loss of Prime Farmland, and the Revitalization of the Nation's Older Cities

It has become increasingly clear that urban sprawl is a wasteful phenomenon. It results in the loss of prime farmland, as new suburban communities, shopping centers, and industrial facilities are constructed on the fringes of our metropolitan areas. It has led to the depletion of the economic bases of our cities as companies leave for new locations, taking them with jobs and tax revenues. It has meant the wasteful duplication of infrastructure on the urban fringe, while existing facilities in our cities have excess capacity. It has meant the degradation of important ecological systems.

And yet, our federal, state, and local urban policies have in fact encouraged urban sprawl. The policies of the post-war FHA and VA mortgage insurance and guarantee programs favored new development in the suburbs over in-fill development in the cities. The federal interstate highway program vastly increased the accessibility of suburban areas, so that when federal and state policies made available funds to build sewerage, sewage treatment, and public water supply systems, what had been only a potential became a reality. New , denser, development accelerated. Local governments sought to attract low density residential development that produced higher tax revenues, although they did not take into account the fact that the costs of servicing such development almost always outpaced the new revenues it produced.

Understanding the profligacy of a national urban policy that is based on sprawl, we are now concentrating on developing effective programs for protecting farmland from premature conversion, and on revitalizing our older towns and cities by providing incentives that will attract new development to the center of metropolitan areas. In that way, we can reduce the pressure to convert farmland to non-farm uses, especially in those highly fertile areas that the American Farmland Trust has identified as being at risk, such as the Middle Atlantic Coastal Plain and the Northern Piedmont.

The Tools of Farmland Protection

As we have demonstrated at length in *Saving American Farmland: What Works*, an effective farmland protection program is a synthesis of a number of different major techniques, all within the broader framework of a growth management program and state and local policies that enhance the economic viability of farming -- that help farmers keep farming:

- effective agricultural protection zoning
- purchase of agricultural conservation easements
- differential assessment of farmland
- agricultural district programs
- right-to-farm legislation
- transfer of development rights programs
- gubernatorial executive orders, coordinating the programs of state government agencies that affect farmland conversion

No single method will be successful in isolation. But let me focus on agricultural conservation easements, the focus of the pending bills.

Purchase of Agricultural Conservation Easements (PACE)

As of February 2000, 19 states had created PACE programs According to data compiled by the American Farmland Trust, $937 million has been spent to protect 663, 600 acres of prime farmland. Furthermore, many local communities have established their own PACE programs, and a partial compilation shows that they have spent more

than $307 million to protect over 155,900 acres. This is impressive testimony to the importance and political acceptability of agricultural conservation easements.

In Pennsylvania, and in many other states with PACE programs, the demand by farmers for participation in these programs has been much greater than the funds available would support. It was, therefore, a major step for Congress to step in in 1997 and create the Farmland Protection Program that provided federal matching funds for state programs, up to $35 million per year. But the federal funding covers only a small fraction of the costs of protecting key farms across the country.

The National Governors' Association has unanimously endorsed the re-authorization of the Farmland Protection Program. It is an essential part of a comprehensive farmland protection strategy for the country. The challenge is formidable. The need is urgent. The time is now. I urge the Senate to renew the Program and to increase its funding to the highest level possible, consistent with our broader federal budgetary concerns.

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Testimony on the Farmland Protection Program to the
U.S. Senate Committee on Agriculture, Nutrition, and Forestry
Subcommittee on Forestry, Conservation, and Rural Revitalization
Norristown, Pennsylvania
September 18, 2000

Members of the Subcommittee, welcome to Montgomery County and thank you for the opportunity to offer a few remarks to you today. I am State Representative Raymond Bunt, Jr. and I have the honor of serving as the Chairman of the Pennsylvania House of Representatives Agriculture and Rural Affairs Committee. In that role, I am pleased that you also find the subject of protecting valuable farmland relevant and important.

We in Pennsylvania take farmland preservation very seriously and have since 1988 when the legislation was approved to create our statewide program. Subsequently, our program was funded by a voter-approved $100 million bond issue. This voter referendum notably passed overwhelmingly.

In addition, later legislation earmarked two-cents per pack of our state cigarette tax for the program. More recently, there was a $43 million special appropriation as part of the 1999-2000 state budget and a commitment of an additional $20 million per year for the next five years.

Furthermore, since this is a cooperative state/county program, it is to their advantage for counties to commit monies of their own. Most have responded and there has been a total of $93.7 million county dollars committed to the effort. And recently, because of municipal interest, our law was amended to allow local governments to participate in the effort by contributing funds of their own.

To date, the state and counties have spent a total of $334.45 million dollars for permanent easements on farmland. Combine this with the fact that we are positioned to

spend a minimum of $45 million dollars a year of state monies to preserve our valuable farmland for the next 5 years, and I would guess that this is a commitment to farmland preservation unmatched by any other state!

As a result, I am pleased to be able to report that, to date, Pennsylvania has perpetually preserved 1381 farms, comprising over 170,380 acres in 42 counties statewide. Even so, new applications are being received at the rate of nearly 500 per year. This is in addition to the approximately 1400 farms and 172,700 acres in the "pipeline" or on the waiting list statewide. In other words, even with all our success, we currently have more farms that have applied and are waiting than we have preserved in the past 10 years. In most counties there is a three- to five-year backlog of farms.

I offer these statistics as dramatic evidence that preserving farmland is of highest priority to both our farmers and to our citizenry. The success of, and demand for, being included in the program proves that there is both a need and interest for it to continue and the Pennsylvania General Assembly continues to wholeheartedly support it.

With respect to the federal program, I want to acknowledge that we have received federal money in 3 of the past 5 years, totaling $2.234 million dollars. This additional money was most appreciated, and as a supplement to our state funding, was well spent. Nonetheless, as I have demonstrated, our state money dwarfs what we received and, more importantly, our demand still far exceeds what the state alone can provide. Therefore, any additional federal dollars would be most welcome.

And finally, as you consider this issue I certainly hope that Pennsylvania's commitment and success is viewed as a reason to increase our allocation, and not an indication that we are either willing to, or capable of, meeting the demands for funding on our own. With our program counties are rewarded with greater matching funds for the dollars they put into the program. I suggest that states making a financial commitment of their own should be likewise rewarded with a higher percentage of the total federal dollars.

Once again, I would like to thank you for the opportunity to share Pennsylvania's perspective on preserving farmland forever.

STATEMENT OF JANET OERTLY, STATE CONSERVATIONIST,

NATURAL RESOURCES CONSERVATION SERVICE

U.S. DEPARTMENT OF AGRICULTURE BEFORE THE

U.S. SENATE

SUBCOMMITTEE ON FORESTRY, CONSERVATION, AND RURAL

REVITALIZATION OF THE COMMITTEE ON AGRICULTURE, NUTRITION, AND

FORESTRY

September 18th, 2000

Mr. Chairman and Members of the Committee, thank you for inviting me to discuss the impact of the Farmland Protection Program here in Pennsylvania. I am Janet Oertly, State Conservationist in Pennsylvania for the Natural Resources Conservation Service (NRCS). I would like to begin by recognizing the efforts and leadership of Members of this Subcommittee, especially Senator Santorum, for taking an active role in this issue.

Pennsylvania is a state with a rich diversity of landscapes created by its location, climate and soils. These soils along with the temperate climate and location near population centers and the eastern seaports have provided farmers the opportunity to provide food and fiber for our nation for over 200 years. Many of Pennsylvania's farm families continue to work the land of their ancestors. Sustaining farms for centuries has been

possible through sound land stewardship, while keeping the land in agricultural use despite the changing needs of society. Because of this tradition of land stewardship, it is no surprise to me, a native of Penns' Woods, that today this state is among the leaders in protecting farmland.

Preserving valuable and highly productive farmland for future generations has been a priority for the Natural Resources Conservation Service. Attendees coming to this morning's hearing can observe that signs of sprawl are everywhere in this region. New housing, shopping malls, and the transportation network that supports these developments continue to grow.

Pennsylvania has the one of the highest rural populations in the nation. Farmers on the edge of urban development face many challenges. As development ensues, these lands are pressured to succumb to the financial incentives of development. As a response to the need to protect Pennsylvania's largest industry, agriculture, the state has used federal programs such as the Farmland Protection Program (FPP) to enhance local and state programs.

Governor Ridge's 21st Century Commission identified sprawl as the most important environmental issue in the state. The recent passage of Pennsylvania's Growing Greener and Growing Smarter legislation provides a significant increase in state funding and local planning for farmland protection. The partnerships that have been so effective in initiating farmland protection in this state are responding to the ever-growing demand.

THE FARMLAND PROTECTION PROGRAM (FPP) IN PENNSYLVANIA

Mr. Chairman, as Mr. Sells testified, the Farmland Protection Program (FPP), authorized by the Federal Agriculture Improvement and Reform Act of 1996 (1996 Act) protects prime or unique farmland from conversion to nonagricultural uses.

In Pennsylvania, the FPP matching funds have been used to leverage funds from the State, and local government entities that have farmland protection programs. The FPP has facilitated conservation partnerships with the State and local government entities to acquire conservation easements or other interests in land. It is one part of a broader effort to protect farmland from urbanization and helps maintain a healthy environment and sustainable rural economy.

The national program was originally funded in the 1996 Act at a level of $35 million. Pennsylvania received over $3 million of that national funding. All of these funds were committed by Fiscal Year 1998, and the easement acquisition process is underway. With these funds, 57 farms, representing 11,419 acres of farmland in Pennsylvania will be permanently protected and will continue to remain in agricultural uses. In addition, the federal investment in FPP has spurred about $24 million in state and local contributions for this activity. This is an impressive return on a relatively small federal investment. This represents that for every federal dollar sent to Pennsylvania there has been another $8 in state and local funds to match this investment. I might add that each of these farms has a conservation plan and the owners have committed to a schedule for complete

implementation. The availability of technical assistance funding needed to help farmer's plan and implement these plans is an important part of the program.

I would like to describe one example of the program in southeastern Pennsylvania. Three farms in Berks County's scenic and productive Oley Valley add over 350 acres of permanently protected farmland to the 28 farm, 3600-acre block of farmland in the Valley. The Berks County Agricultural Land Preservation Board, in cooperation with the Pennsylvania Department of Agriculture has protected this block of land. The Oley Valley is comprised of over 85 percent Class I and II limestone soils, and has been one of the regions' most important agricultural areas since being originally cleared by German farmers over 200 years ago. Today, the valley is listed on the National Historic Register and has many historic gristmills, barns, stone buildings, covered bridges and villages. The Brown, Mast and Rothermel, Hopwood and Ford farms, added with help from 1998 Farmland Protection Program funds, are all adjacent to other permanently protected farms.

The Farmland Protection Program is making progress in protecting farmland, utilizing a relatively small federal resource. But the needs are great and more resources are needed. As Mr. Sells indicated, our agency is committed to working with you Mr. Chairman, and Members of this Committee to continue funding and support for FPP so that we can maximize the benefits of these local initiatives, which have been enhanced by the FPP.

I look forward to working with you on this issue. We need to extend the funding authorization for FPP to make it work. S. 333 and S. 598 would enable us to continue this work, as proposed in the President's budget.

I thank the Chairman and would be happy to answer any questions that members might have.

Testimony of Marion Long Bowlan
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Good morning! Let me begin by giving you some background information on myself. I am a third generation Lancaster County farmer with experience in beef and vegetable production. We sell our hormone and antibiotic free beef directly to consumers. I am also the Executive Director of Pennsylvania Farm Link a non-profit organization that works with beginning and retiring farmers to create more farming opportunities in Pennsylvania.

I want to talk to you about both my professional and personal experience and some recommendations I have for farmland preservation programs. I would like to discuss the very human problems that currently are not addressed by this program.

The mission of Pennsylvania Farm Link's work with beginning and retiring farmers is to keep farmers actively farming the land. We provide regional seminars on passing the farm on to the next generation, new and beginning farmer workshops, and marketing workshops that are targeted to improving the farmer's bottom line. We also operate a linking service that matches farm owners with people who want to get into farming. Although we are a small agency we have been successful in making a difference in the lives of many farmers by getting them to realize they need to plan for the future of their families and their farms.

What I have encountered in my professional work is that the critical time for a farm to go out of farming is when the existing farmer is thinking about retirement or is retired. Particularly if the children do not want to take over the farm or if there are siblings who don't agree on what should happen to the farm, the farm is vulnerable. Let me explain.

I recently worked with a family who had two sons that were interested in farming. Both had off farm jobs and were helping their parents in their spare time. The parents were retirement age, but couldn't afford to move off the farm so that their sons could take over. I suggested that they preserve their farm and use the sale of the conservation easement for their retirement needs. The family applied for farmland preservation funds, but is not at the top of the list because of soil types and proximity to other development.

I am not disputing these factors and agree that soil types and development proximity are important considerations. What I would like you to consider is the human element. Is there an individual who wants to take over the farm? Could we preserve this farm if we took into account the family circumstances? Is there a farm succession plan? Do we have a beginning farmer who wants to farm the land? These farms are businesses that are run by human beings and we need to take in to account those human needs. Unfortunately, these human issues currently receive little or no consideration in selecting the farms being preserved. I contend that they should.

A recent Penn State study indicates that of all the farmland sold in Southeastern Pennsylvania in the last ten years only 23% remained in agriculture. This is occurring in spite of the best farmland preservation program in the nation. And, I might add that there has been a 7-10 year waiting list in Lancaster County to sell development rights. Additional funding is an issue. The interest in preservation is there, at least in Pennsylvania, but often so is the temptation to sell the farm to developers.

However, I would also contend that increasing funding for preservation programs is not the only issue. With the family I just discussed, what will happen? The family cannot afford to move off the farm and retire unless they sell the farm. Even though they want to give their sons the opportunity to farm, they may decide to sell the farm at market value because in the long run that may be what's best for their family. If we have the opportunity to get the next generation on the farm, how do we help? Everyone agrees we want our farmland to be used and be productive. The intention of the program is to preserve farmland and not just open space. How do we decide who will be our next generation of farmers?

That brings into focus a big problem that we face in years to come. In the nation we have three times as many farmers over 65 as under 35. Recent Census of Agriculture statistics indicate that farmers under the age of 35 decreasing an alarming 46.4% from 1987 to 1997. Today's slim profit margins make it very difficult for a new generation of farmers to get started. How are we going to help?

One of the ways we can help is to tie farmland preservation efforts into farm succession efforts. Why don't we provide incentive to farm families to transition their farm to a new generation of farmers, related or not, by giving them extra points for developing an active farm succession plan? This would give an extra boost to the family I just mentioned and would put them higher up on the waiting list for preservation. It just may save the farm for this family and others like them. As we all know we make decisions based on our own family circumstances. The independent farmers of this nation need your help in securing a new generation of farmers who can establish productive, profitable livelihoods and retain our most precious resource, our farmland.

I also want to talk about my own individual situation. Largely through the efforts of my mother, my husband and I were able to purchase the farm that came down through her family. We have farmed it for the last twelve years, taking off farm jobs to provide the economic security our family needs. We have two children; at least one is interested in farming. We decided to try to preserve our farm seven years ago and have been on the waiting list since then. This year because of an extra infusion of farmland preservation funds, some federal, Lancaster County is working on their backlog of applicants. We may yet see our farm preserved! Either my son or my daughter will get the opportunity and if they don't want it some other young enterprising individual will. What three generations have worked to protect while deriving income from it will go on. What better legacy can you leave behind?

I have also worked to try to get my siblings to agree to preserve the land my father and mother farmed for 55 years and where he still lives; my mother died four years ago. Some of my siblings want the money they could get from the sale of the farm at its market value, some want to see it stay a farm. My father feels caught in the middle and doesn't want to decide.

How do we assist families with these decisions? These are big once in a lifetime decisions. How can we help families make these decisions about farmland protection? Certainly providing educational assistance and farm succession planning assistance, similar to what Pennsylvania Farm Link does in its "Passing on the Farm" seminars helps. We need your financial support as well. Pennsylvania Farm Link and other linking programs across the country work with families to transition their farms to the next generation. We know that farms need farmers to farm them. Help us help those farm families put the pieces together so that they can transition their farm to the next generation and generations to come.