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TO DISCUSS HOW FARM BILL PROGRAMS CAN BETTER SUPPORT SPECIES CONSERVATION

HEARING

BEFORE THE

SUBCOMMITTEE ON FORESTRY, CONSERVATION, AND RURAL REVITALIZATION

OF THE

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY
UNITED STATES SENATE

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HEARING TO DISCUSS HOW FARM BILL PROGRAMS CAN BETTER SUPPORT SPECIES CONSERVATION

TUESDAY, JULY 26, 2005

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

The subcommittee met, pursuant to notice, at 9:57 a.m., in room SR–328A, Russell Senate Office Building, Hon. Mike Crapo, chairman of the subcommittee, presiding.

Present or submitting a statement: Senators Crapo, Lincoln, and Salazar.

STATEMENT OF HON. CRAPO, A U.S. SENATOR FROM IDAHO, CHAIRMAN, SUBCOMMITTEE ON FORESTRY, CONSERVATION, AND RURAL REVITALIZATION, COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Senator CRAPO. This hearing will come to order. This is the oversight hearing on how farm bill programs enhance species conservation.

I am starting a few minutes early because I want to get my opening statement in and let Mr. Knight have an opportunity to make his testimony before all sorts of trouble starts happening. Let me tell you what is going on.

On the Senate floor, they have scheduled five stacked votes starting at 10:30, is that right—10:15. And on top of that, the Finance Committee on which I sit is having a markup and I am going to have to cast a vote at the Finance Committee at 10:20. So what that means—you are all probably trying to figure out what that means. So am I.

What that probably means is we will start here and run until approximately 10:20, at which time there will probably be a vote underway on the Senate floor and a vote underway in the Finance Committee and I will have to recess to go do those votes. The question then will be whether we recess for approximately an hour or an hour-and-a-half, and I apologize to the other witnesses that that may be what happens.

It is possible, however, that we may be able to get one of the other Senators—I think Senator Blanche Lincoln was intending to be here, and if she is here, she and I may be able to kind of do tandem votes, meaning that one of us will stay here and preside

while the other votes and we will go back and forth for those five votes. Now, if that works, we can keep the hearing going. If not, I apologize. We will have to shut down while the Senate votes for five votes, and five votes takes about an hour to get done.

So I will just give you the advance warning that we may have our whole morning kind of jumbled up, and if that fouls up people's flight plans and so forth, we certainly understand and we will work with you the best we can.

With that, I am going to give my opening statement here very quickly and then, assuming no other Senators are here by the time I am done, Mr. Knight, we are going to go right to you.

It has been just over 3 years now since the President signed the farm bill into law, and at that time, the President noted the importance of the conservation title. He said it helps producers meet newer and higher environmental standards and enhances their ability to protect wetlands, water quality, and wildlife habitat. The President was right, and today we begin to consider new accomplishments to which this program can aspire.

The 2002 farm bill is one of the most important environmental laws that we have ever enacted—that, frankly, Congress has ever enacted, and I often state that the farm bill generally, whichever one it is we are working on, is one of the most pro-environmental bills that Congress ever deals with. Its conservation programs result in real environmental benefits.

The success of these voluntary contractual programs in addressing environmental concerns is also testimony to both farmers and ranchers. Those who make their living off the land have long been good stewards of those resources.

We spend significant money on farm bill programs and we obtain notable results. The conservation programs in the farm bill are supported by a wide variety of public and private interests. The farm bill is a pillar in American conservation.

There is another important environmental law, the Endangered Species Act, which is also a pillar of American conservation, but that approaches our goals differently. The Endangered Species Act primarily seeks to stop harmful activities toward species, as the farm bill conservation programs promote benefits for species. The Endangered Species Act has been torn by conflict. The farm bill has been widely supported.

Because we need both protection of species and promotion of their recovery, we are today considering how the farm bill and the Endangered Species Act have worked well together and how they can work better together in the future. We want to learn how success stories come about and what can be done to promote them.

We will hear from two panels. First, the NRCS Chief, Bruce Knight, will share with us the views of the administration, and then we will hear from four witnesses representing landowner, environmental, and wildlife interests.

I want to remind the members of the panels that we have a 5–minute limit on your testimony. That is not because we don't want to hear from you. It is because we want to have opportunity and time for interaction and questions and answers. We do read your written testimony very carefully, but we encourage you to try to be sure to summarize your testimony in the 5 minutes allotted. If you

do start running over, I will just kind of tap the gavel to remind you to watch the clock. I find that most people, like myself, cannot get everything they want to say said in 5 minutes, and I apologize to you for that, but we will give you opportunity to expand on your points and so forth in questions.

With that, Mr. Knight, would you please proceed.

STATEMENT OF BRUCE I. KNIGHT, CHIEF, NATURAL RESOURCES CONSERVATION SERVICE, U.S. DEPARTMENT OF AGRICULTURE, WASHINGTON, DC

Mr. KNIGHT. Mr. Chairman, I appreciate the opportunity to appear before you today to discuss the role of farm bill programs in the conservation of wildlife habitat.

The topic of today's hearing really goes to the heart of cooperative conservation and illustrates the importance of what farmers and ranchers do on private lands. Because more than 70 percent of federally listed species depend on private lands, farm bill conservation programs can and do make a real difference for those species.

In 2002, President Bush signed into law the most conservation-oriented farm bill in history. In total, the legislation enacted by the President provided a $17 billion increase in conservation funding over a 10–year period. In addition, direction was provided to assist agricultural producers to meet the regulatory challenges they face.

Our administration has taken these provisions very seriously and has bolstered them even further in practice. For example, the Environmental Quality Incentives Program procedures direct NRCS State Conservationists to boost the ranking for projects that assist compliance with environmental regulations, such as ESA.

In addition, one of the four national priorities for EQIP focus on wildlife by seeking the promotion of at-risk species habitat recovery. This national conservation priority is used by NRCS to allocate additional funding to States in targeted areas and to develop new habitat for the future.

I would note that the EQIP program has funded over $3 billion of conservation work on private lands since fiscal year 2002, with more than $1 billion authorized for next year. Couple these funds with the additional half-billion dollars dedicated through other conservation programs, such as the Farm and Ranchlands Protection Program and the Conservation Security Program this year, and it becomes clear that wildlife habitat is receiving major benefits.

With respect to wetlands, President Bush announced an initiative on Earth Day 2004 that will go beyond the Federal policy of no net loss and set a new goal to restore and protect at least three million acres of wetlands over 5 years. The Wetlands Reserve Program is playing a significant role in meeting this goal and is on course to protect more than two million acres of wetlands.

In addition, this year, we have sought out partners for the new Wetlands Reserve Enhancement Program. These partnership proposals will restore and protect habitat for migratory birds and other wetland and wildlife. Under this initiative, NRCS is matching resources and leveraging the efforts of State and local governments to provide even greater assistance to landowners, and included in this funding is a minimum of $500,000 for partnership

proposals that address Bog Turtle habitat in the Eastern United States and a minimum of $500,000 to assist with Ivory-billed woodpecker habitat in Arkansas. We believe that excellent opportunities exist for developing bottomland hardwood wetlands that will provide long-term benefits for this magical species.

Mr. Chairman, turning to a few Western issues, habitat conservation for the Greater sage grouse serves as a prime illustration of the role of farm bill programs in conservation planning and assistance. NRCS estimates that in fiscal year 2004, more than 80,000 acres of sage grouse habitat benefited directly from private lands conservation efforts, with more than one million acres experiencing a secondary benefit. As a result, the U.S. Fish and Wildlife Service made a decision not to list the greater sage grouse, partially in response to gains made on private lands, and emphasized the importance of the ongoing and future conservation efforts to long-term health of the species. Just 2 weeks ago, Secretary Johanns also announced an additional $5 million for sage grouse special projects in 11 Western States, which doubles USDA's commitment over fiscal year 2004.

USDA has also provided $2.8 million this year in the Wildlife Habitat Incentives Program for salmon habitat restoration. Through this effort, NRCS helps landowners with projects that restore habitat for both pacific and Atlantic salmon. We are pleased with the gains being made to improve salmon habitat and believe that NRCS can continue to build on this success in the future.

Before I conclude, Mr. Chairman, I want to note another bright prospect on the horizon for species habitat. The Healthy Forests Restoration Act of 2003 authorized a Healthy Forests Reserve Program to make payments to private forest landowners who agree to protect acreage and promote the recovery of threatened and endangered species. This Act contains innovative provisions relating to safe harbor or similar assurances to landowners who enroll and provide a net conservation benefit for listed, candidate, and other species. Work on establishing programmatic rules and procedures for this program is well underway.

Mr. Chairman, my statement has highlighted just a few of the many programs available to private landowners and provides a sense of the kind of species targeted and the work that private landowners are accomplishing. I thank the subcommittee and will be happy to respond to any questions you may have.

Senator CRAPO. Thank you very much, Mr. Knight.

[The prepared statement of Mr. Knight can be found in the appendix on page 38.]

Senator CRAPO. Your agency, like all agencies, is required to comply with the ESA consultation. Could you elaborate on that role, and frankly, I am looking for you to provide any ideas you might have for streamlining the process in relationship to farm bill programs.

Mr. KNIGHT. There is a great deal of potential for further streamlining. At present, our consultation tends to evolve around a State-to-State relationship and effort and a larger, more comprehensive procedure could speed the process and make considerable savings in our administrative costs, and I believe Fish and Wildlife or NOAA's costs, as well.

At present, the best examples we have got out there lie in the State of Oregon and in the State of Montana, where we have had a good relationship built over time. But it is so key upon those individual relationships in the State that we need a larger, overarching consultation process to ensure that it works smoothly nationwide.

Senator CRAPO. Thank you. I appreciate these kinds of inputs that we get from folks who have to go through the process. We have been working now for a number of years to try to streamline the consultation process and make it work better and any kind of input that you can provide will be very, very appreciated.

In your testimony toward the end there, you mentioned that you are working on procedures for the Healthy Forest Restoration Act that would relate to a safe harbor or similar assurances under the ESA to landowners. Could you share with us some of the key elements that you think that you would like to implement in those procedures?

Mr. KNIGHT. We just have wrapped up our internal work and are now engaged in that process with Fish and Wildlife to try to work out how to effectively be able to provide that safe harbor. It is one of the most exciting aspects of this program and one that we routinely hear from individual producers with any of our programs about a need for some manner of safe harbor protection.

As you know, in many areas of the country, it is a major hurdle for a producer to place conservation practices on the ground if there is a concern that it may involve an endangered species that may have an impact on that producer's operation, the farm or ranch, long-term. So the safe harbor is a very intriguing concept and one that we look forward to working with U.S. Fish and Wildlife in putting in place under the Healthy Forests Reserve Program.

Senator CRAPO. All right. I think I am just going to have time for one more question. I have mentioned, as I said in my opening comments, I have bragged about the farm bill and its conservation benefits for years and have often talked in terms of justifying the new commitment, the dramatically increased commitment to conservation that we put in the conservation title of the farm bill the last time. I have talked about the fact that this is one of the ways that we can have the best impact on our environment.

In today's hearing, we are kind of taking this concept one step further, which is to not just talk about the impact of the conservation programs under the farm bill on the environment in general, but specifically their impact on species recovery in coordination with the Endangered Species Act. It seems to me that if a landowner qualifies under a farm program, conservation program, for some type of support and the conservation project which the landowner is then implementing also has benefits for a species and can be actually coordinated with or an improvement to or a support of a recovery program, that that is a win-win situation.

Do you see any way that this development, or utilizing and thinking about conservation programs under the farm bill in this way would divert the farm bill programs from their intended purposes?

Mr. KNIGHT. I would not see that as a diversion at all but see that win-win as highly desirable and in keeping with the general

direction that we received in the 2002 farm bill to assist individual landowners—farmers, ranchers, rural landowners—in coming into compliance with any of the myriad of rules and regulations that come at them from Federal, State, or local efforts. And so this would be very consistent with the directive that we are giving in the farm bill.

Senator CRAPO. All right. We are at the point now—I have a little bit of an update, which I am not sure is good news or what, but the vote on the floor is now not expected to start until 10:30. I still have to leave to run over to the Finance Committee to cast a critical vote on pension reform markup and Senator Lincoln has been delayed. I am not sure right now whether she will come here first or go to the floor first to vote, and so what I am going to have to do is to recess this hearing, and Mr. Knight, I am not going to make you stick around, although I think you may expect to get a bunch of questions, if you would please be willing to respond in writing to questions.

Mr. KNIGHT. Certainly.

Senator CRAPO. And so we will cut you loose as soon as we recess the hearing. For the other witnesses, I really apologize. I know that this is probably screwing up, for the witnesses as well as others attending here, it is probably really screwing up your schedules and your plans. It is doing the same thing to the later part of my day, as well.

So the best I can say to you is if you can adjust your schedules and hang in here with us, I would appreciate it because we do want to try to come back and start this hearing up again and get the rest of the testimony in. If you have got a flight or if you have other commitments that you just can't hang around for, we understand and we would appreciate you letting us know so that we can coordinate with you. We do have your written testimony, and I would also encourage any of the witnesses who can't stick around, if there are any, to be willing to respond in writing to questions if members of the committee have questions to send to you.

What I intend to do right now—well, maybe we will be able to keep going. Senator Salazar, I may be willing to turn the chair over to you. I have to run and cast a vote in the Finance Committee, and then, as you know, in about 15 minutes, there are going to be votes starting over on the Senate floor. But if you would be willing to keep the hearing going until you have to go over and vote, I would appreciate that. Could you do that?

Senator SALAZAR. Absolutely. For the distinguished chairman, I would be delighted to do so.

Senator CRAPO. Thank you very much. Then what I will do is I will not recess the hearing at this point and we will continue. If I am not back, Senator Salazar, before you have to head out and vote, if you would just put the committee into recess, then we will get back and keep it going as quickly as we can. That way, we will have fewer delays.

Now, it may turn out that when we do end up having to go over and vote that if we aren't finished by that time, which we probably won't be, there may be a sizable delay right then, because once they start these votes, they will run them in about ten- to 15–minute segments and it just gives us barely enough time not to be

able to run back here and get anything done before we have to go back for another vote.

We will go as far as we can, and then I apologize, but we will probably have to recess still at some point, and then if you can hang around, we will keep you posted through information as best we can.

Senator Salazar, we have just finished the first—if you want to ask questions of Mr. Knight, I almost cut him loose, but he is still here——

[Laughter.]

Senator CRAPO [continuing]. And then if you could go to the second panel when you are done with him.

Senator SALAZAR. Absolutely.

Senator CRAPO. All right. Thank you.

Senator SALAZAR. I will make an opening statement and I will try to take care of the committee in your absence, Mr. Chairman.

Senator CRAPO. Thank you very much.

STATEMENT OF HON. KEN SALAZAR, A U.S. SENATOR FROM COLORADO

Senator SALAZAR [presiding]. Thank you, Mr. Knight, for being here, and I very much am looking forward to this hearing as we look at the Endangered Species Act and this initiative that Senator Crapo has undertaken.

I would like to hear from you what it is that you think we ought to be doing with the Endangered Species Act, what kind of changes you think that we ought to be considering, if any at all, and I will give you this preview with respect to my interest in this issue.

For years, I have seen the Endangered Species Act attacked by people who want to make some very dramatic changes to the Endangered Species Act. I also, on the other hand, have seen people come together in my own State of Colorado to develop what have been very effective programs at recovering endangered species. We have done that on the Colorado River system with the group that has been working on the recovery of the four endangered fish in the Colorado River system. It has been a group that has brought together water users, the agricultural community, and the environmental community, as well, and a program that by the measures of all those who participate in that program says that program has been successful.

In the last 10 years or so, I had the opportunity to work on that program as well as working on a program on the South Platte River on the recovery efforts on the South Platte, and again there working with a consortium of the Federal agencies, the States of Nebraska, Wyoming, and Colorado, and water users and the environmental community. Progress is being made with respect to how we can deal with the recovery of the species and at the same time make sure that what we are doing is protecting water users and water rights in Colorado and throughout the system.

So as this box gets opened up to look inside the Endangered Species Act and what kinds of changes might be considered, I would be very interested in knowing what your thoughts are in that regard. But I think perhaps at this point in the hearing, since you have not yet, I think, had the opportunity to give the opening

statement to the members of the committee—you already have done that?

Mr. KNIGHT. Yes.

Senator SALAZAR. OK. Why don't you just then take that as a question and we will go from there.

Mr. KNIGHT. Thank you, Senator. The Natural Resources Conservation Service is part of the Department of Agriculture. We are the nation's private lands conservation agency and we have basically four major principles that we end up trying to assist private landowners with—soil erosion, from whence we came as the Soil Conservation Society; water quality; wildlife habitat, especially as it pertains to conservation of species and habitat for those species; and then air quality.

As such, when we start looking at what is the agency's role with the intersection of the Endangered Species Act, we really view ourselves as an enabler of cooperative, collaborative conservation action on the ground. What we are trying to do is ensure that the tools are there. It may be the assistance through cost share through our various programs, Environmental Quality Incentives Program, those sorts of things. It may be the assistance of technical assistance, of having a Federal agency without a regulatory bend at the table trying to provide assistance to find that win-win.

And what we do is we seek out those collaborative actions wherever they may occur around the country, it may be with bog turtle or eel grass or salmon recovery or sage grouse, to find those areas in the community where folks are coming together and need the assistance, either financially or technically, to provide that assistance.

There are certainly areas that we see as we work with our other agencies in the Federal family where the degree to which we can streamline consultation processes or we can streamline the efforts to make sure that a broader basket of our basic conservation services are recognized as being good for wildlife and assisting in this, the more rapidly we are going to be able to put conservation on the ground.

One of the key things to keep in mind is that the speed with which we can respond to conservation requests are very important, because we are dealing with a living, breathing ecosystem where the seasonality of being able to get in the field is very important. You can't do a lot of conservation work in the winter months in the Northern tier of States, and so there is a real need to be able to act expeditiously when that collaboration comes together and be able to put conservation on the ground in the spring and the summer when we can be the most effective.

So the seasonality of what we deal with that Mother Nature imposes is much more important for us than the timelines that you may run into as you interact with other agencies, be they State or Federal in nature.

Senator SALAZAR. I appreciate those comments. Let me take you back to your first point on the collaborative conservation programs out in the field. When you look back at the 2002 farm bill from the point of view of USDA and the Natural Resource Conservation Service, describe for me, for my benefit and for those who are listening here today, what it is—what kinds of tools were given to

USDA to engage in those collaborative services and how can they work.

Mr. KNIGHT. The most significant item that folks talk about is the fairly significant influx of funds, nearly $17 billion in additional funding over the 10–year span starting with 2002, and we are well along the way in being able to put additional conservation on the ground.

We also received several new funding authorities. The one that has garnered the most attention—we announced the accepted contract's yesterday—is called the Conservation Security Program, and under CSP, we are rewarding leading-edge conservationists for their efforts and encouraging them to do even more. We are finding a great deal of benefits on wildlife coming in through this new Conservation Security Program.

The other new authority that we received was the Grasslands Reserve Program, targeted at protecting these endangered and fragile grasslands that we have been losing—tall-grass, short-grass, mid-grass prairies—that we are losing either to development or conversion to cropland. That program has been wildly popular. We have now reached the funding cap on it and are going to have to suspend being able to accept further enrollments in it. But that has been very important and it has been very key in our ability to respond in a voluntary manner to sage grouse concerns.

The program that has perhaps the greatest impact on wildlife that has had a lot of attention, that we are very proud of, is the Wetlands Reserve program. That has program been very instrumental in achieving the President's goals for the creation, enhancement, or restoration of an additional three million acres of wetlands. Two years ago on Earth Day, the President announced that we had actually achieved no net loss of wetlands due to agricultural conversions and we are now on our way to achieving a net gain of wetlands and laid out that very ambitious goal.

So overall, it has been a couple of programs with new authorities and additional funds, and then a real focus on working lands conservation to be able to ensure that we find that right combination of conservation along with economic vitality for the farmers and ranchers that we serve.

Senator SALAZAR. Can you, Chief Knight, for my benefit, if you were to quantify the progress we have been able to make under the money that has been provided and the tools that have been given, can you give me an overview of that? You mentioned the three million acres with respect to wetlands that have been protected, but we also put a lot of money and given you authorities in the other programs that you mentioned. If you were to describe the world of conservation undertaken by USDA and how it fits into the protection of habitat, how many acres are we talking about nationally? Are those the kinds of figures that you have?

Mr. KNIGHT. I may need to respond to the record for you on those, but the acres that we have covered with conservation planning and basic underlying work would be in the tens of millions of acres that have been covered, which means less soil erosion, which in turn is less sediment in the rivers and streams, making them more fishable and swimmable, and our assistance has the same impact on the nutrient management side of things.

One of the other major areas of priority for us has been helping livestock operations come into compliance with EPA's CAFO/AFO rules, the comfined Animal Feeding Operations. We have written, I think, last year about 12,000 comprehensive nutrient management plans which will help ensure that those nutrients, that waste, stays out of the rivers and streams. But I can elaborate further in the record for you in that effort.

I would note that one of the important authorities that was directed in the Farm Bill was a new measurement and assessment effort called CEAP, Conservation Effects Assessment Project, and we are just now starting to launch the wildlife measurements. We are trying to move beyond the basic outcome measures, you know: How many miles of streams have we buffered? How much habitat have we restored? And get to: What are the outcomes? What are the nutrient loadings avoided? What have we done to help the individual species?—in a much more comprehensive manner that tallies up all the programs. We have been working very closely with the other Federal agencies in trying to build this comprehensive effects assessment project and be able to have something that will greatly assist you all as you move forward with authorization of the 2007 farm bill.

Senator SALAZAR. What is the timing, Chief, for the completion of that assessment?

Mr. KNIGHT. I have staff briefing me again this afternoon on that. It is always frustratingly slow and I have to admit, I am very nervous about having this sort of work far enough along for us all to be able to make rational decisions for the 2007 farm bill. But we will at least have interim results and have the template that will allow this to function well over the next 10 years.

Senator SALAZAR. When will that happen?

Mr. KNIGHT. I am hoping to have materials that you will be able to have as an interim report in 2006. But it is still a tough pull for us right now.

Senator SALAZAR. Let me ask one more question here before turning the meeting over to the chairman. The second point you talked about was streamlining the process and you were getting into some discussion about the seasonality and the sensitivity of the seasons and the importance of making those investments when they ought to be made. When you talk about streamlining the process here insofar as USDA is concerned, what kinds of concepts are you exploring, are you thinking about as you look forward over the next couple of years?

Mr. KNIGHT. We recently had a leadership retreat between Fish and Wildlife leaders and the Natural Resources Conservation leadership. We have done similar things with the agencies within the Department of Agriculture, Forest Service and FSA, to try to look at how, working cooperatively, we can speed up the process as much as we can on each of these things.

In the case of our work with Fish and Wildlife, what is very key is being able to get to a programmatic consultation that will allow us to move much more rapidly on our individual implementation of practices. What we are trying to avoid is when, in the case of EQIP, where we are putting in place around 25,000 to 35,000 contracts a year nationwide, having to do individual contract consulta-

tion but rather moving to a programmatic consultation that would say, in this geographic area or in this State, this set of practices are generally understood to be of benefit to salmon recovery or benefit to sage grouse recovery and, therefore, we wouldn't have to go through a detailed programmatic consultation on those individual contracts and contract administration. By doing that, we will be able to shorten our turnaround time for implementation of each of those contracts.

As an agency, we are also moving our contract administration earlier into the year to try to catch our customers when they want to do most of their farm planning, which is November, December, and January for the subsequent year, try to make our contract administration and decisions in that timeframe so that they are set to go in the spring rather than end up with a process that may push a final decision into June or July, in which case you almost have to wait a full year before you get into contract implementation.

Senator SALAZAR. I would appreciate, Chief Knight, if you would keep us apprised of your assessment and the progress on the assessment because I know it will be important certainly to me, and I imagine to all the members of this committee, as well.

Mr. KNIGHT. Thank you, and we will elaborate further on the record for you.

Senator SALAZAR. Thank you very much.

Senator CRAPO [presiding]. Do you have any other questions?

Senator SALAZAR. No, I am done with Mr. Knight.

Senator CRAPO. All right. Thank you. Mr. Knight, we will excuse you and move to the next panel so that we can hopefully get as far as we can on it before we have to leave for votes.

While Mr. Knight is leaving and the other panel is coming up, I will introduce them, and they are still saying the vote may or may not be at 10:30. It might be closer to 10:45 now, so we will just keep going.

Our first panelist will be Mr. James Cummins, Executive Director of the Mississippi Fish and Wildlife Foundation. Second would be Mr. Steve Manning, the Project Manager of the Leon River Restoration Project in Texas. Third is Mr. Tim Searchinger, Co-Director of the Center for Conservation Incentives of Environmental Defense. And then fourth is Mr. Kent Foster, Executive Director of the Idaho Association of Soil Conservation Districts.

We appreciate all of you coming, and again, I would like to remind each of you to try to pay attention to that clock so we can get as many of you through as we can before we have to break, and then we will try to decide where we are when we find out when they actually call the vote.

Please proceed, Mr. Cummins.

STATEMENT OF JAMES L. CUMMINS, EXECUTIVE DIRECTOR, MISSISSIPPI FISH AND WILDLIFE FOUNDATION, STONEVILLE, MISSISSIPPI

Mr. CUMMINS. Chairman Crapo, Senator Salazar, I certainly appreciate the opportunity, Ranking Member Lincoln, I appreciate the opportunity to be here today. It is very humbling to be in a

room where our nation's most significant conservation programs have began.

I am James Cummins, Executive Director of the Mississippi Fish and Wildlife Foundation. Two of our most significant accomplishments include working with Senator Cochran to develop the Wildlife Habitat Incentives Program and working with Congress to develop the Healthy Forest Reserve Program.

The Endangered Species Act has been very effective in preventing extinction. However, its recovery rate is only 1 percent. Today more than ever, it is medicine's goal to get you out of the hospital, not keep you in it. We need to view species the same way. Unfortunately, 70 to 80 percent of our nation's listed species are found on private land and eight of the top ten States of listed species are in the South.

In 1973, Congress found that incentives are needed for species and Congress, specifically the Agriculture Committee, has passed two incentive programs for species, WHIP and the Healthy Forest Reserve. Other programs certainly have broader goals.

So why do we need incentives like land use payments and practice cost share payments for species, and will the current cost share rates work? Land use payments come in the form of per acre fees, rental payments, and easement payments. Both land use payments and cost share payments can be funded through direct payments, tax credits, and/or tax deductions. To work, the value must be close to market value to offset lost revenue from the land.

Cost share rates of 50 or 75 percent work when there are public and private benefits. For example, a private benefit is timber. A public benefit is timber left standing to benefit, for, say, example, the ivory bill. If private benefits are large, the incentive would not need to be provided. Habitat for species often does not have private benefits, so with most species, 100 percent of the incentive will need to be provided.

We need to better utilize existing programs. Congress should fully fund the Healthy Forest Reserve Program. Senate Appropriations has funded a pilot, and I am certainly grateful to Senator Cochran for that. I cannot emphasize enough the importance of restoring forest ecosystems to recover species. The list of the top ten States with the most degraded forests almost mirrors that with the most listed species. There would be no greater service you could do for Southern species than to find incentives for forest ecosystem restoration.

WHIP is USDA's most cost-effective program, and like the Healthy Forest Reserve, its greatest limitation is funding. We should also discuss other mechanisms to improve it for the next farm bill.

Recovery can be further incorporated into other programs. Expand the definition of eligible lands, establish a continuous sign-up in CRP for species, limit the area where recovery is possible, utilize reenrollments to gain more benefits for species, plant the vegetative type historically on the land, and reauthorize the Grassland Reserve Program and do not focus it on urban lands that are very expensive.

The tax code can certainly greatly aid species. Conservation easements, when used properly, are a great tool, but they preserve the

status quo. We need more restoration. One idea is to develop a two- to five-million-acres Endangered Species Reserve Program consisting of tax credits. This habitat restoration program could consist of a voluntary five-, 15–, or 30–year agreement being placed on the land in close proximity to an existing species population. The landowner would receive a tax credit equal to 75 percent of the rental rate plus 100 percent of the restoration cost. Priority would be for projects where the species can be recovered in less than 30 years. For species where the estimated recovery is greater than that, priority would be given to projects where the landowner voluntarily agrees to place a conservation easement.

A lot of times we talk about preservation versus management and many species cannot be recovered by preservation alone. Habitats must be managed. For example, we are doing a great job of preserving the status quo with the red cockaded woodpecker. Its optimum habitat is characterized by old-growth pine forests with little or no understory. Fires caused by lightning and those set by Native Americans burned these areas and killed the understory. Now, mainly because of liability and the desire of many to not create a habitat favorable for regulation, controlled burns are infrequently used. The lack of management has resulted in no woodpeckers on private land in the entire State of Mississippi.

The Department of Defense is faced with a growing threat in its ability to maintain the readiness of our armed forces. That threat, often termed encroachment, is caused by development and habitat loss near military installations. DOD's efforts have resulted in our bases having some of the best habitat in the nation. The most effective action we can take to protect these installations is to restore and protect the land around them, which will also recover species that may hamper the mission of the base. This, too, can be accomplished with incentives.

We need cost-share to control invasive species, either in the form of new legislation or as a component to an existing program. Invasives rank as the second-greatest threat to species, having contributed to the decline of 42 percent of our nation's species. If we attack invasives such as kudzu, cogongrass, and cheekgrass with the same gusto as soybean rust, we would be making a large dent in that percent.

Assistance for chemical, mechanical, and biological control is needed where they are impacting species.

I have other ideas involving a new program called Debt for Conservation, safe harbor, technical assistance funding, and carbon sequestration, but in the essence of time, I will ask you to refer to my written remarks.

A diversity of incentives will help make species more economically attractive. They will help remove the species of our nation from their respective list or cause them not to be listed. And working with private landowners and enabling them to conserve habitat is the kind of proactive strategy that can head off a regulatory crisis, improve species, and provide opportunities for economic growth.

Mr. Chairman, Ranking Member Lincoln, this concludes my remarks. Thank you.

Senator CRAPO. Thank you very much, Mr. Cummins.

[The prepared statement of Mr. Cummins can be found in the appendix on page 82.]

Senator CRAPO. Mr. Manning?

STATEMENT OF STEVE MANNING, PROJECT MANAGER, LEON RIVER RESTORATION PROJECT, GATESVILLE, TEXAS

Mr. MANNING. Mr. Chairman, Senator Lincoln, I want to thank you for the opportunity to testify here today.

Senator CRAPO. Is your mike on? There should be a button there.

Mr. MANNING. Do I get my time back?

[Laughter.]

Senator CRAPO. You bet.

Mr. MANNING. Mr. Chairman, Senator Lincoln, I want to thank you for the opportunity to testify here today. My name is Steve Manning. I am a fifth generation rancher from Coryell County in Central Texas and I am going to be talking to you today about the Leon River Restoration Project, and more specifically, the Leon River Restoration Project Phase 1 Report issued by Texas A&M University in September of last year.

The Leon River Restoration Project is a research brush control program within the Leon River watershed of Hamilton and Coryell Counties, Texas. The primary objective of the research component is to quantify the impacts of ash juniper removal and rangeland management on water yield and quality, wildlife habitat, and forage production for livestock. Juniper removal and rangeland management practices are implemented no selected private rangelands that are within habitat for the golden-cheeked warbler and black-capped vireo, both of which are endangered species. The Leon River Project is significantly unique in the success it has accomplished by bringing together a large number of stakeholders to work effectively toward diverse goals in a common project.

I am going to be talking today specifically about two components of that research, the wildlife and the economics component. I am going to talk about the wildlife component first. And the wildlife component, because of the success we have had in bringing together diverse interests and building up the trust of the landowners, we were able to, as a part of this project, to do presence/absence surveys for both endangered species across the range of the project, which is about 700,000 acres in the two counties.

Working with over 100 landowners to date, Texas A&M was able to put graduate students out on the ground and do surveys, and just one of the example, in one of the some watersheds or creeks within our project area, the Coryell Creek, about a 54,000–acre drainage, for the golden-cheek warbler, A&M found that about 36 percent, or 19,700 acres of that one drainage was occupied warbler habitat. For an endangered species, they are doing quite well. Black-headed vireo ranged from about five to 7 percent, but again, a lot better numbers than we would have thought of 10 years ago. The message there is that landowners are doing a good job managing for wildlife and for the health of their lands.

The economics component, the second component I want to talk about, specifically as a part of their research identified three types of landowners within our area and those landowners are what we call born to the land. Like myself, those people have been on the

land for generations and have strong connection to the land, usually agriculture.

The second group is what we call the ag group and those were folks that went out and made some money and then bought land and put that land into ag production and they are really more interested in the bottom line, the dollar, how much yield they can get off the land.

The third group, we named the reborn to the land, and these are people that went to the city, made some money, came back, bought some land, and they are really more interested in the aesthetics of the land. They want to do good things with the land and they have an interest in things that will do well and make them good stewards of the land, and it is that last segment that I want to talk about.

While we found NRCS to be a great partner and would not be here if it weren't for them today, one of the things that we found in our research is that that last segment is being somewhat overlooked through the approaches that NRCS has been taking because they are really a kind of a new segment of the population and they have the least institutional knowledge about farm bill programs or really even what farm bill programs are or where to go to find out anything.

What we found in our research is that those traditional landowners and those ag landowners were very comfortable and most likely to participate in farm bill programs, but because of the outreach and the traditional methods to communicate with landowners, that their segment of the population is just—they are missing out. In fact, they are more likely to select and participate in other types of programs that are out there that might lean more toward endangered species recovery or other things than they are the farm bill. I really think, as someone in the ranching community, that we are going to need to do a better job of reaching out to those people, to identifying ways to be more flexible and to provide multiple options for landowners if we are going to be successful in the future. We cannot afford to let that segment of our landowner base slip through our fingers, if you will.

I could talk for a long time about the project, but within the 5 minutes, I wanted to make those two points. Landowners are doing a good job. The farm bill is key to their success and will be key to their future success. And also, we have got to do a better job of working with the diverse group of landowners that I suspect that diversity is occurring not only in Texas, but across a large number of States here. Thank you.

Senator CRAPO. Thank you very much, Mr. Manning.

[The prepared statement of Mr. Manning can be found in the appendix on page 61.]

Senator CRAPO. Mr. Searchinger?

STATEMENT OF TIMOTHY D. SEARCHINGER, CO-DIRECTOR, CENTER FOR CONSERVATION INCENTIVES, ENVIRONMENTAL DEFENSE, WASHINGTON, DC

Mr. SEARCHINGER. Thank you, Mr. Chairman and Senator Lincoln. I am Co-Director of something called the Center for Conservation Incentives at Environmental Defense and our focus is entirely

on private land incentive programs to encourage good stewardship and a major focus is, in fact, on protecting endangered species.

What we know from working with these farm bill programs both on the ground and at the national level is that there are many valuable success stories. Our biologists in Texas have worked with Mr. Manning and his colleagues and there is really no greater success story than what Steve has been able to achieve, and there are many other examples of that and we know, therefore, that landowners, given the right incentives, are very interested in doing good things for endangered species.

I would say, however, that as a whole, the farm bill programs have not achieved their potential, and there are a number of reasons for that and we go into that in our testimony. I will just launch right in and give you a few examples.

The Conservation Reserve Program retires a tenth of the cropland in the United States. It is twice the size of the Wildlife Refuge System in the 48 States, and it has done some great things for a few rare species, particularly a few grassland bird species that could very well be on the Endangered Species List today or even extinct if it were not for CRP. But as a whole, it hasn't achieved its potential.

Most of the land in the CRP program is probably providing minimal wildlife habit right now, either because it has been overwhelmed by invasive species—there have been very few incentives for good management of that land. Most of the land was not planted in native vegetation. Sometimes, non-native vegetation can do a good job, but most places, it can't.

And more generally, when that land was enrolled, the criteria for enrollment didn't focus a lot on its location. If you want to do something good for endangered species, you have to think very hard about where that land is in relationship to other land that is providing habitat. You can do the greatest habitat in the world, but if it is in the place where the endangered species isn't going to come, it is not going to do them a lot of good.

Or similarly, species need different kinds of habitat. They need breeding habitat, they need birthing habitat, spawning habitat, whatever. It doesn't help a lot to provide one kind of habitat if the other isn't nearby.

Chief Knight talked about the efforts to protect salmon, for example. One of the things that is going on is that as the streams cross farm roads, there frequently are culverts in place to let the stream flow through the farm road, but most of those culverts were put in a long time ago when people weren't thinking a lot about salmon and they tend to discharge a foot or two above the stream, and it turns out salmon don't jump very well into culverts. Well, again, if you are going to replace the culverts so that they work, you have got to do a series in a row. It doesn't make sense to do one here and one there.

So part of the challenge with all these programs is thinking in a more coordinated way, a more incentive initiative way so that landowners can work together.

In the case of CRP, I will just make a couple of specific recommendations which are—and I should say that we have come to agreement with the American Farm Bureau in a number of rec-

ommendations that we have attached to our testimony, and the Nature Conservancy, and one of those is that there are a lot of opportunities, we think, to target specific locations where you can enroll land in a 200,000 or 300,000 acre chunk in the right vegetation with the right management, perhaps using continuous enrollment for that purpose so landowners know if they want to enroll that land, they can really benefit a chunk of species. And that could be done in a way that would really provide enormous benefit in a number of places around the country.

Related to that, it is important that to get more benefit out of CRP in the future, we not automatically reenroll all the acres but rather have a more selective process.

With regard to EQIP—EQIP, of course, is the second-largest program—unfortunately, only about a half of 1 percent of EQIP dollars have gone specifically for wildlife. Since I am running out of time, I will just say that the real challenge there is, again, the difference between being reactive and having an initiative that is more coordinated. Most EQIP dollars are spent because landowners expressed an interest in something. They come into the local county office and they say, please fund this.

And there are huge problems with doing things for at-risk species in that way. One is that there aren't necessarily biologists at that county level that know what to do. Another is a huge TA. We have a chicken-and-egg problem with technical assistance. There aren't a lot of people to provide a lot of these biological services. USDA is short of TA in general. If they are going to hire people to provide those services, they need to know that there is going to be a certain level of spending. So they have to decide up front, for the next few years, we are going to spend a certain amount of money to benefit a species so they can let a contract so that private parties can come forward and say, hey, if we go into the business of helping deliver this program, we are going to be compensated for that.

I will just in the last 10 seconds just mention the Grassland Reserve Program has enormous potential, but the real challenge there probably is an issue of easements versus contracts. The bill that passed out of the Senate committee was a two-million-acre easement program, and if you are thinking about preserving grassland to benefit not just the ranching community, but rare species over the long term, a 10–year contract just doesn't do it. It just postpones the eventual development. The final bill that emerged was primarily a 10–year contract bill that won't really preserve these lands over the long term. It doesn't, therefore, warrant the kind of level of investment.

So thank you very much. I appreciate the opportunity.

Senator CRAPO. Thank you very much, Mr. Searchinger.

[The prepared statement of Mr. Searchinger can be found in the appendix on page 69.]

Senator CRAPO. Mr. Foster?

STATEMENT OF KENT J. FOSTER, EXECUTIVE DIRECTOR, IDAHO ASSOCIATION OF SOIL CONSERVATION DISTRICTS, BOISE, IDAHO

Mr. FOSTER. First, thank you, Mr. Chairman and Senator Lincoln, for allowing us to testify before you here today.

Second, I wanted to thank Senator Crapo personally for his past efforts in assisting Idaho with both the salmon and sage grouse initiatives through the USDA NRCS, so thank you for these efforts.

Today, Idaho's core conservation partnership is strong, and for over 65 years, our goal has been and still is to assist private landowners to conserve and protect their natural resources—soil, water, air, plant, animal, and wildlife. As we work to achieve this goal, we must not forget that humans are also a part of the equation.

We believe the 2007 farm bill needs to support appropriate species conservation issues. We also believe the ESA is in need of revision to make some of the farm bill provisions more participant-friendly.

The 2002 farm bill provided substantial increases in financial assistance for all conservation programs. However, it is the technical assistance that is key to getting conservation implemented on the landscape in a technically sound and timely manner.

To better support species conservation, we feel the 2007 farm bill needs to consider the following. If attainable, a national programmatic biological assessment needs to be developed. If not, it would be helpful to develop biological assessments on a regional or large ecosystem area basis. Currently, any conservation practice to be installed within the salmon watershed must have consultation with NOAA Fisheries or U.S. Fish and Wildlife Service. The consultation process can take up to several months. In these cases, the construction window is often missed and projects are often delayed until the next year's construction season.

The consultation process can be very repetitive. Writing individual biological assessments is very time consuming. I have been told by our people in Idaho, that Idaho has never had a biological assessment disapproved by the Fish and Wildlife Service or NOAA Fisheries. Then how many biological assessments have to be written before some change in the process is warranted?

The Healthy Forest Reserve Initiative needs to be passed and funded. The safe harbor provision needs to stay intact through the committee process. This provision will encourage landowners to do the right thing in addressing their natural resources and species conservation issues.

There are too many identified species of concern for farm bill programs to realistically and effectively address. Available funding should focus on endangered, threatened, candidate, or proposed species for listing.

We heard the NRCS chief use a figure of 70 percent, but I had a figure of 75 percent of the listed species that depend on private land for all or part of their habitat. Incentives are needed to protect or enhance existing declining habitat.

More technical assistance funds are needed to develop adequate and effective conservation plans and habitat conservation plans. This funding support needs to come from each individual farm bill program. Species issues are not easily resolved. They are generally

very complex and usually require input from a team of interdisciplinary experts to resolve the resource issue, sometimes even multiple interagency input is also required.

Farm bill programs could better support species conservation if they were more habitat- or ecosystem-driven and not single species-driven. Balance is key to what leads to a holistic and healthy environment. Balance must not only include biological, but social and economic factors.

It is paramount that the government allows land users and citizens to go forward with innovative ideas that will bridge the gap between our finite resources and species conservation. There is a fear of endangered species, because the law focuses on punishing those who do not comply rather than rewarding those who voluntarily engage in conservation efforts.

With our limited resources, we need to make a concerted effort to find better and more cost-effective solutions. We need to get the Federal Government out of the way and let the States be innovative and get conservation on the ground.

By working together and using a realistic and common sense approach, we believe the farm bill and ESA issues can effectively be addressed. Thank you.

Senator CRAPO. Thank you very much, Mr. Foster.

[The prepared statement of Mr. Foster can be found in the appendix on page 82.]

Senator CRAPO. We thank our entire panel.

Just to let you know what is going on, the first vote of the five started at 10:48 and so at about 11, which means I will have about 3 minutes left, I am going to have to go. Senator Lincoln has already gone to vote, and if she is not back by 11, I will recess the committee and she should return very quickly after that and start the committee up again, so don't go anywhere when I recess.

Then what we will try to do is just rotate. I will vote at the end of each vote and she will vote at the beginning of each vote—what I will do is I will go vote at the end of one and the beginning of the next one, and then she will vote at the end of one and the beginning of the next one and so forth. That may not really work as we get well into it, because when they ultimately get most of the Senators over there, the votes start happening a little faster, so we will try to do that as best we can.

In the few minutes I have, I just want to ask a general question to the panel, and that is I think you probably all heard me say at the outset that this notion of utilizing the conservation title of the farm bill to provide incentives for endangered species recovery is a bit of a step beyond where we have philosophically been with the farm bill in the past, but it certainly, in my opinion, is not stepping beyond the spirit of what we were trying to do in the farm bill.

And the question is to each of you, and please try to be as succinct as you can, do you see any conflict in trying to move the farm bill philosophy as we develop the next conservation title in the farm bill into closer coordination with endangered species recovery goals? I will just throw it out to—you don't all have to answer, but if you have an answer on that, I would welcome it.

Mr. SEARCHINGER. I would say the answer is there is certainly no conflict, and in fact, I would even go so far as to say the statutes

encourage it right now. EQIP has wildlife as one of its goals as well as avoiding regulatory pressures as one of its goals. Put the two together, endangered species conflict avoidance is already in the statute.

Senator CRAPO. Mr. Cummins?

Mr. CUMMINS. With the Wildlife Habitat Incentives Program, it specifically mentions threatened and endangered species, so I think you have a precedent there. I think there is a great opportunity, as we are constantly working to figure out how to best use our dollars in this country, there is a great opportunity of trying to meet TMDO requirements, to meet endangered species requirements, and balance a lot of different things out there. We can do a lot on one acre that we may not can do by spreading that out.

Senator CRAPO. Mr. Manning or Mr. Foster, do you want to jump in?

Mr. FOSTER. Mr. Chairman, I think we ought to encourage that. I think it is important that we don't have different programs going against each other. I think we have made a lot of strides in trying to make them work together. I think there are just some things that we need to tweak to reduce the amount of time it takes so we can do even more through the two programs.

Senator CRAPO. You don't have to pile on unless you want to, Mr. Manning.

Mr. MANNING. I will just say very quickly that from a landowner's perspective, I think that not only is it—I don't see a conflict, but it gives the landowners the ability to get more out of the regulatory business, and from the Fish and Wildlife side, more from the incentive side with the farm bill programs and have a better chance of accomplishing the goals that we all desire.

Senator CRAPO. Well, thank you. I am going to ask one more question of you specifically, Mr. Manning, and then I am going to recess it if Senator Lincoln is not back yet. But I did, before I left, want to ask you—I want to say I am impressed with the level of study that your partnership has conducted. But the upshot of your work is that you have, frankly, you have actively restored bird populations, isn't that right?

Mr. MANNING. That is correct.

Senator CRAPO. Could you describe, just, again, briefly, because I just have about 60 seconds here, what you think the core success there was that enabled you to restore bird populations?

Mr. MANNING. Well, having a core group of NGO's and agencies working together in agreement and building out from that, and I won't try to list those for the time constraints, but obviously Environmental Defense is one of those. Basically, ag and environmental entities working together and then building out using their lines of communication to influence the State agencies and then the Federal agencies ultimately, and RCS and Fish and Wildlife in this case.

By doing that, we were able to bring those two agencies together and go through the Section 7 process and get to an opinion that allowed us to use Federal dollars and put them on the ground in such a way that we were able to put those Federal dollars through EQIP into wildlife habitat where before we had not been able. And

that gave us the funds and the technical assistance that we needed to get that done.

Senator CRAPO. All right. Thank you very much.

Again, I apologize, but I am going to recess now. I am not sure whether Senator Lincoln is going to vote on the next vote before she comes back or whether she is already on her way back here. She is on her way, so she should be here very quickly. Until she arrives, this committee is in recess.

[Recess.]

STATEMENT OF HON. BLANCHE LINCOLN, A U.S. SENATOR FROM ARKANSAS

Senator LINCOLN [presiding]. I am so sorry for the interruption, but I am afraid with four stacked votes, there are probably going to be multiple interruptions. Senator Crapo and I have agreed to try to keep as much going as possible. We will just kind of tag team back and forth.

I want to first say, and he is not here to hear it, and I will repeat it as many times as I need to, a special thanks to Chairman Crapo, who has done a tremendous job in this subcommittee. He and I came into the House together in 1992. We came over to the Senate together. We have served on multiple committees together. I wasn't here earlier because I was covering us over in the Finance Committee, where he also serves with me. But it is really a pleasure to work with Senator Crapo and his staff. They do a tremendous job. They are very thoughtful about what they do and it is just a delight to share this subcommittee with him.

As is obvious from today's hearing, I think, he always focuses on very worthwhile hearings that focus on issues that are very important to people. We don't hear them all the time on the front page of the paper sometimes, but these are issues that really affect people every day and they are very important, conservation provisions that were included in the 2002 farm bill, their role in protecting endangered species, but also allowing lifelong generations of family farmers to be able to do what they really want to do.

I come from a seventh-generation Arkansas farm family and I know there is no greater conservationist in the world than my father was in terms of wanting to preserve the land and to do the best that he could to ensure that that land would be in the family for generations to come.

So we are very appreciative that you all are here. I think, having looked at the 2002 farm bill as playing such an important role, I certainly supported it because of the importance it plays in my State and my State's rural economy and the way of life that we have there. I think some of the more notable parts of that legislation was its historic increase in conservation. Obviously, it is important for us to fund that and to elevate those conservation components to the extent that people nationally will recognize how important a role they do play.

Conservation programs are not only an environmentally sound practice, but they produce a wide range of economic benefits. We have seen that in our State. I think we have all seen that nationally. Environmentally, our conservation programs definitely safeguard millions of acres of American topsoil from erosion and cer-

tainly improving air quality, increasing wildlife habitat and protecting ground and surface water quality by reducing water runoff and sedimentation.

But economically, the benefits are also immeasurable. The program not only increases net farm income, they preserve soil productivity, they improve surface water quality, they reduce damage from windblown dust and increased uses of wildlife, which we have talked about an awful lot here today.

The dual benefits are critical to the long-term sustainability of American agriculture and provide certainly the much-needed bridge between an adequate farm safety net and resources necessary to conserve our land. And again, as a farmer's daughter, those two are essential components to the way of life that many of us know, living and having grown up in rural America.

As you all know certainly, our State has one of the most diverse and natural ecosystems in the country. My neighbor, Mr. Cummins across the river, is certainly well aware because we have very, very similar habits and certainly very similar homes.

We saw earlier this year through the discovery of the ivory-billed woodpecker in Arkansas that when we dedicate resources to protect our natural habitats, we can successfully preserve them, and I think many of you all have spoken to that in terms of not just dealing with preservation but management, which is critical to what we want to see eventually happening in terms of habitat and species.

It is my hope that this story, certainly the ivory-billed woodpecker, and others like it will encourage all of those with an interest in preserving our lands and our native species to take a renewed look at the impact that conservation can have on those goals. I was very, very interested to hear Mr. Searchinger talking about the fact that with all of the interest and involvement and investment in CRP, that it is two times, did you say, two times the reserve program?

Mr. SEARCHINGER. Two times the size——

Senator LINCOLN. The size——

Mr. SEARCHINGER [continuing]. Of the Wildlife Refuge System in the 48 States.

Senator LINCOLN. That is amazing to me, which is also an indication that, again, there is a huge interest in terms of landowners and others to be involved in this overall process.

I think we can certainly all agree that supporting greater conservation would have a positive effect on maintaining natural diversity and preserving wilderness for future generations, and we want to thank you all for being willing to be here with us today.

I also want to comment that I am really looking forward in the next couple of weeks to working extensively with Senator Crapo as chairman of this subcommittee in the ways that we can go about setting forth, I think, some proactive—I noticed that that was also a comment of more than one of you all, and that is not to just react, but to be proactive in ways that will be very, very productive for wildlife habitat, for conservation, and certainly land preservation.

So with that said, you all can transmit to the chairman how much I appreciate working with him and certainly the incredible job that he does, and I am looking forward to that.

To the questions, I think I will start in on some questions, because I know the chairman will be back and I will try to, again, switch hit and head back over and do my voting on the floor.

Mr. Searchinger, you mentioned in your testimony the importance of encouraging conservation amongst a broad range of landowners. What do you really think, in your opinion, is the best or most effective method of being able to do that? Funding, probably, for starters.

[Laughter.]

Mr. SEARCHINGER. Certainly, the Wildlife Habitat Incentive Program does a lot and it is a little bit of a political orphan, so any Senator wishing to adopt a wonderful infant but burgeoning program, it is available for adoption.

But as a whole, I think the question was asked of Mr. Manning, what made his program so successful, and he talked about the cooperative nature of the work being done, that the work was planned out, there was word of mouth, there was adequate technical system and outreach. Every single example that is going to be provided at the White House Conference on Cooperative Conservation is going to have a comparable story. So this notion of being proactive is absolutely critical, and I will just give you one other concrete example.

Take the long-leaf pine forest there in your neck of the woods. There are a lot of opportunities to—there are a lot of endangered species that rely on long-leaf pine forests and a lot of opportunities to enhance habitat for long-leaf pine forests, and there are landowner groups very interested in long-leaf pine and there is some economic value to producing tall timber down the road.

But to do that right, the best way to do it, for example, through the CRP program, would be to say we are going to make certain specific lands eligible for enrollment in long-leaf pine if you manage it in a particular way. And then we are going to have a technical assistance issue. Who is going to actually deliver that program? And then USDA needs, because it doesn't have the staff anymore, NRCS is delivering five times as much money in programs as it used to have. They are just so busy. It needs to say, we know we are going to have this much work and issue a third-party contract to maybe Mr. Manning's group or maybe Mr. Cummins's group to help deliver that program.

So all of these things have to come together to work right, and so the most important thing, I would say, is having proactive, cooperative projects and delivering all of these programs, to the extent we can, through cooperative projects with producer groups, local conservationists, and government.

Senator LINCOLN. You mentioned, I think it was you that mentioned the shortage of time. Perhaps that was the grasslands, that 10 years was way too short for that type of a program. In terms of CRP, I mean, is the length of that time adequate in order to really get off the ground and running a long-leaf pine program as expeditiously as we would want?

Mr. SEARCHINGER. In the case of long-leaf pine, the good news is that it probably becomes in the economic interest of the landowner, once he or she has received that incentive for a ten- or 15–year contract, to keep the timber there for 50 years or so because that is when it matures and becomes valuable.

But certainly, I think one of the things the committee should consider for the future is longer CRP contracts where there is a critical need to benefit an at-risk species, because if we are going to make a heavier investment in the kind of planting, let us say, then we want to realize that benefit over a longer period.

Senator LINCOLN. You have also mentioned the shortage of technical assistance through USDA. I have had a few phone calls from my State with concerns about that, and, of course, technical assistance both from the biological standpoint, but also from the paperwork standpoint. Many of these programs are complicated. There is lots of paperwork.

There was one concern that the move of EQIP from the FSA to the NRCS, which I think it went to NRCS under application, has actually been detrimental to the use of the program just simply because you have had to reinvent the wheel. You have had to move that program over to a new part of the agency, figuring out how to go through that.

Do you see any concerns about those types of problems, where if we continue to move these programs around, we lose the institutional history of technical assistance, particularly in regard to paperwork?

Mr. SEARCHINGER. Let me answer that in a couple of ways. Most importantly is the bottom line is that we are delivering a lot more money with roughly the same numbers of NRCS staff, and the administration made the decision to focus on third-party assistance, which has some merit, but we have the chicken-egg problem in delivering third-party assistance. No individual or organization is going to come forward and say, I will deliver this program—I am going to hire staff to be able to deliver these programs unless they know they are going to have enough work to pay the staff.

Senator LINCOLN. Yes.

Mr. SEARCHINGER. And so that means—and, of course, these things are specialized. If you want a biologist who knows about long-leaf pine, you need a biologist who knows about long-leaf pine. So they need to know they have a certain amount of work, and so to deliver these programs more effectively, there has to be certain decisions, we are going to put a certain amount of money in X as opposed to Y and then hire a contract to do that. In the case of continuous enrollment with CRP, for example, it has dropped off the cliff. This is the kind of buffer program because NRCS is too busy to promote it.

With regard to your specific question, I think there was—NRCS has managed EQIP from the programmatic side since it was created, but I think there was a paperwork transition that you referred to in going from FSA to NRCS. I don't honestly know enough about all of that.

But I will say, again, and I am going to sound like a broken record, typically, it is possible to streamline the paperwork when you have worked out a kind of project, and then you can simplify

the paperwork for those who want to participate in a particular kind of practice. So again, paperwork is a huge issue, and particularly—landowners who are doing something for endangered species are not helping the bottom line, typically, and so if they are going to have to do a heck of a lot of paperwork, they are not going to do it. So streamlining the paperwork is critical, and again——

Senator LINCOLN. Would you consider that one of the proper incentives that you talked about?

Mr. SEARCHINGER. Well, actually——

Senator LINCOLN. Streamlining that paperwork?

Mr. SEARCHINGER. Yes. I would agree with that, absolutely.

Senator LINCOLN. Mr. Cummins, I have to say I am so proud you mentioned kudzu.

[Laughter.]

Senator LINCOLN. I grew up in a community that is about covered in it. And although its original intent may have been noteworthy, we have found, particularly in some of our smaller hardwood forests, national forests, it is absolutely consuming it and there are some real concerns there. So I am just glad you know what it is and have equal concerns.

In your testimony, you talked about active management versus preservation. I have mentioned that, as well. It seems to tie in with one of the major, I think, criticisms of ESA, the Endangered Species Act, mainly that while many of the endangered species have stabilized, few have really recovered. Our hope is that we will see recovery of the ivory-billed woodpecker, and that is one of the things in terms of both conservation, active management, and preservation we hope will all come together for us in Arkansas.

Could you talk just a little bit about that active management and the role that it could play in any of our discussions about improving ESA?

Mr. CUMMINS. Yes. First, I would like to just certainly thank you for your leadership in Arkansas and this great nation, as well, and really enjoy working with people like West and others.

Senator LINCOLN. Good.

Mr. CUMMINS. There are a lot of good people in Arkansas, and I contribute a lot to your economy through trout fishing.

[Laughter.]

Mr. CUMMINS. In terms of how we go about looking at active management, for example, we have a tremendous amount of conservation easements that are through the tax code that you in Senate Finance are looking at and it is a great opportunity to even address active management there.

Mr. Searchinger talked about long-leaf pine. Long-leaf pine is a great example of how we go about conducting management, by going in, planting long-leaf, doing selective harvest. I think there is a great opportunity with the ivory-bill, for example. The trees we plant today, they are not going to provide the grubs and food source for the ivory-billed woodpecker until probably 100 years from now, but if we can go through some of those existing stands that are adjacent or in close proximity to the siting or the location of the siting and go in there and inject those or girdle them, in other words, kill those trees, a lot of that is going to be sweet gum and hackberry, which are the two preferred species that the ivory-

billed likes, and you will end up with the situation that about two to 4 years from there, from the time of injection or girdling, that you will provide a lot of grubs and a lot of insects between that bark and that cambium layer that are good for that tree, whereas if we just went in and preserved a stand, you have got to wait until it goes through its entire life cycle before it lives, grows, and dies.

So I think active management is really a key. If you look at a lot of the private lands biologists to the U.S. Fish and Wildlife Service or a lot of the biologists that are within RCS, we have the technical skills out there to go about doing management, and let me—I left out the range specialists and foresters, as well, because that is a tremendously important component.

But the technical skills are out there that will allow us to go in and do the management, but we have got to get over this fact that chemicals and chain saws and management tools are bad and how do we put those to our best use.

Senator LINCOLN. I noticed one of you all mentioned carbon credits. I am not sure who it was. But there is also an importance, I think, there to look into and investigate the way that we can dovetail that active management with the carbon credits that are slowly becoming—I know for many of our landowners have been very beneficial. We have also been able to see where we have actually been able to save the Federal Government dollars by putting to use those carbon credits and also letting private industry come in and do the plantings and make sure that, obviously with the guidance of USDA and the others that it is being properly, but actively managing those lands in a way that are highly productive.

Mr. Searchinger, when you were talking about the CRP program, you were talking about that with two times that amount of the—not the Reserve program, but the——

Mr. SEARCHINGER. Of the Refuge System.

Senator LINCOLN. —Refuge System, you said it still provides minimal in terms of that volume, or it is certainly less than it could. And you also mentioned that it was not necessarily planted in native vegetation. Why is that? why would it not be?

Mr. SEARCHINGER. Well, when the program was first created, it really had a surplus as much as anything, and the goal was just to get cover on land of any type as much as possible. And over time, there has been a greater emphasis on more environmental benefit, but even in the more recent sign-ups, there is just not that much of a difference in the amount of points you get. You know, there is a selection index that gives you points for doing different things——

Senator LINCOLN. Right.

Mr. SEARCHINGER. And there is not that much of a point difference for planting natives versus non-natives.

Senator LINCOLN. But it just seems to me like it is a no-brainer that you would put it into native vegetation.

Mr. SEARCHINGER. I would agree with you in the overwhelming majority of the country. Our colleagues who are interested in ducks in the Northern Plains believe that there can be wildlife mixes that provide almost as much benefit that are non-native. But in the vast majority of the country, native is the right thing to do.

And this is where we think there are opportunities to improve CRP in the next generation, and it really was interesting. We went through a long series of conversations with the American Farm Bureau and the Nature Conservancy and one of the things that I think has emerged is a consensus by producer groups as well as conservation groups that now is the time to really try to maximize the environmental benefit per acre from that program. We are no longer interested in using it as a supply control program. We are interested in using it to—from the Farm Bureau's perspective, I think—I don't want to speak for them too much, but to relieve pressures, regulatory pressures on landowners through this incentive-based program, from our perspective, to get every possible benefit out of the acre.

So we think that there are real opportunities and the two immediate issues are, one, that the criteria in the future need to meld the importance of location, native species, and management. Management is the key issue. There is not a lot of financial incentiveto manage the land well once it is planted. Those need to be melded, and I think if you—we need to think, hey, what do we need to do, for example, with CRP that could benefit the ivory-billed woodpecker in Arkansas? That is a decision people should be actually consciously thinking about. There will be a series of activities—management activities, plantings, et cetera—and if it is done that way, we can get a heck of a lot more benefit.

There probably are about a half-a-dozen rare species that benefited significantly from CRP, and that is good, but it is not enough. There should be several dozen that have gotten a real big benefit.

Senator LINCOLN. Well, without a doubt, having gone through the Healthy Forests Initiative and working with Senator Crapo and having experienced in Arkansas the red oak bore, which annihilated a part of our forest, our national forest, in just 3 years, it was phenomenal. But to in retrospect look back and see that because of the way that maybe the forest may have been managed without diversity of species and other things, causing all the moon and the stars to align and for something like that to really be as devastating as it was, it has been clear to me that management is really a critical tool.

Do any of you gentlemen have anything further to add or want to make sure that we pay specific attention to? Mr. Foster?

Mr. FOSTER. Senator Lincoln, I just wanted to add to what Mr. Searchinger said earlier about CRP. I think we have to—I am just speaking from out West in our drier climates out there, but if I remember correctly, to qualify for CRP, it had to be cropland, highly erodible, and meet some other criteria. To be honest with you, in 1985 when the first CRP seedings were made, I think a lot of the considerations at that time didn't have as many ESA or wildlife thoughts put into them. CRP was put in as inexpensive as it could be to get cover on that land, and being cropland, landowners didn't want to put trees and shrubs on it, not knowing how long the program might last and whether they may be converting it back to cropland again in 15 years.

So I think Mr. Searchinger is right, we don't have some of the shrubs and trees that we actually should have for good habitat for some of the key species. Some of the fault is ours, but it is also due

partly to the system as to what qualifies and what doesn't, and what is economical to do etc.

Senator LINCOLN. And that brings up another point for us. Of course, that is one of the great things with working with Senator Crapo, is being from the South and the Delta and him being out West, we really try to bring a huge diversity in ensuring that these programs work for everybody.

You are exactly right. There is not a one-size-fits-all necessarily and certainly the habitats that we want to preserve are tremendously diverse and that is critical.

But the other thing is understanding certainly the dependability of these programs. I know that for us, and we are one of the larger users of the Wetland Reserve Program, we have got more than 50 percent of our Wetland Reserve lands in Arkansas that come up for renewal. Being able to have some dependability on those programs is critical, too.

I want to thank you all very much for your very thoughtful presentation and testimony. Just so you know, Mr. Chairman, I have just been singing your praises.

Senator CRAPO. Well, that is what I heard. I will have your payment ready after the hearing.

[Laughter.]

Senator LINCOLN. There you go. I do want certainly this subcommittee and these people who we will depend on an awful lot in the coming months to help us work through the issues that you and I have—well, we have come through Congress together, 1992 to 1998 and here, but you have just done tremendous work in this subcommittee and I am so proud to serve with you and I am looking forward to the next couple of months, where you and I can really focus in on the Endangered Species Act and the conservation programs and really put together something thoughtfully that will be enormously helpful to all of those concerned. So I am grateful for your leadership. You do a tremendous job.

Senator CRAPO. Thank you very much. As you know——

Senator LINCOLN. And I will hand you back the gavel.

[Laughter.]

Senator CRAPO [presiding]. All right. You know the feelings are mutual. You probably told them we sat together in the Commerce Committee in the House and we have been working together ever since. I think that Senator Lincoln and I have shown that you can do bipartisan work here and get really good things done.

Senator LINCOLN. And to that extent, also, not only in terms of bipartisanship, but as well as regional.

Senator CRAPO. That is right.

Senator LINCOLN. I mean, we have worked together on the Healthy Forests and others to make sure that everybody's concerns are being met. So I am grateful to you. Thank you, Mr. Chairman.

Senator CRAPO. All right. Thank you.

As is obvious, we started our second vote. I don't expect you to come back, is that correct? I will probably have just a few minutes here, like maybe ten, and then what I am going to do at that point, since it is getting too tight over there, is conclude the hearing and we will send out written questions to you for those we didn't get to ask.

One of the questions—and, by the way, I thank you for being so patient with our problems here. I am actually very pleased that we were able to keep the hearing going.

One of the issues that Mr. Searchinger raised in his testimony that I would like to kind of discuss with all of you is in the context of the CRP program and trying to focus the qualification for CRP a little better in terms of species recovery. Mr. Searchinger, you raised the question of whether there should be automatic reenrollment. I don't really want to start a fight here, but I would like to know what everyone else's position on that issue is, because obviously, that is a very big issue that we are dealing with right now.

Do any of the others of you have a perspective on that? Mr. Cummins?

Mr. CUMMINS. Yes, sir. Especially in the South, a lot of the lands are generating something with economic value. Some lands in the West and in the Midwest, except when you are using them for emergency haying and grazing, you are not generating a lot of economic value.

I think as we start looking at this very touchy issue of reenrollments, I think we need to look at what are the environmental benefits? What are the threatened and endangered species, and maybe even a special threatened and endangered species index?

We have seen a huge issue is that of loblolly pine. There may be opportunities that a landowner could go in and convert that loblolly stand to long-leaf, like Mr. Searchinger mentioned, and continue to reenroll and him or her sell that loblolly for pulpwood, for example.

But I think there are great opportunities to gain more from already existing lands to maximize the potential, as Mr. Searchinger mentioned.

Senator CRAPO. Thank you.

Mr. Manning?

Mr. MANNING. Well, CRP is not my strong point. I would just say that just from a common sense standpoint, obviously, things have changed somewhat since 1985, I think when we first started talking about those enrollments, and we do have a little more consideration and concern for the ESA standpoints. Any time we can take advantage of those programs and lessen restrictions somewhere else across the board, we should do so.

Senator CRAPO. Mr. Foster, did you want to weigh in?

Mr. FOSTER. Sure, might as well while I am here.

[Laughter.]

Mr. FOSTER. I don't know. I haven't studied the reenrollment issue, but while you were gone, we were talking a little bit about CRP with Senator Lincoln. A lot of our land, as you probably know, in Idaho and out West, went into CRP. It had to be highly erodible cropland. Some of that ground should have probably never been farmed in the first place and it was taken out and grass with very few shrubs and trees for species conservation benefits.

I would think those wanting to reenroll, might be provided some incentives to do some additional things or plant some shrubs and trees to benefit key species. We need to work together on this rather than just reenroll them and do the same thing. In emergency situations, they graze CRP, in drought conditions and situations like that. If we continue to have requirements for emergency grazing of

CRP, possibly we could have some requirements that would benefit habitat for key.

Senator CRAPO. Thank you.

Mr. Searchinger?

Mr. SEARCHINGER. If I could clarify, our specific position, which we share with these other groups like the Farm Bureau, is that if there are automatic reenrollments, they should be highly selective, for example, where you could benefit a rare species or a critical duck habitat.

There is also a related issue of the fact that there are 22 million acres that are expiring in 2007 and 2008, and our recommendation there is to have a series of short extensions so that you can even out that hump. And one reason not to automatically reenroll everything is that there are a lot of farmers who may be interested in enrolling land who aren't in the program right now and there has to be some fairness to them, as well, to be able to compete.

Senator CRAPO. Those are all good points.

Mr. Foster, let me turn to you for a moment. In your testimony, you state that the press of the Clean Water Act business, mainly completing the TMDLs, is limiting NRCS's ability to carry out its mandated 2002 farm bill responsibilities. If it is struggling with the basics, then my guess is that the NRCS isn't able to innovate to address the ESA issues very well, either, at this point. Is that a fair assessment on my part?

Mr. FOSTER. Senator, I think they are doing all they can. They take their reponsibilities very seriously. In my other testimony, I talked about a programmatic biological assessment, this would help them a lot. It is just overwhelming. The farm bill mandates that they have to do, and then in our State, as you know, in 1995, having 8 years to deal with 962 water bodies and cover them by TMDL is——

Senator CRAPO. It is daunting.

Mr. FOSTER [continuing]. It is shocking. Our partnership has leveraged everything we can between State and Federal funds and help and I think we are keeping our heads above water, but it is a pretty tough thing to do.The NRCS is making an effort, but they are just overwhelmed. What we have done through some cooperative agreements with NRCS, the Soil Conservation Commission and Districts is leverage our funding to help in the field and EQIP work in TMDL areas so we are kind of doubling up on things rather than going our own seperate ways.

Senator CRAPO. So they are where they can. Certainly, these folks are doing yeoman's service and we owe them all a great vote of thanks. I am just convinced that we are loading so much on that we aren't necessarily able to get the focus on some of these new ideas when we have got so much existing programmatic requirement that is taking up all of the effort and time.

Mr. FOSTER. That is part of the reason, Senator, for a programmatic biological assessment. NRCS is now grouping BAs together where they are similar. But if we do practice after practice, the same thing over and over, why is consultation still necessary? The Fish and Wildlife Service can approve work in State. NOAA Fisheries, must approve all work out of the State, which may take several months to get approved and returned.

Senator CRAPO. Right. One other question, primarily because I am so proud of it, I would like to hear a little bit more about the successes that you have had with the Upper Salmon River Watershed Project. I think it is a good example of the kind of thing we need to be doing nationwide. Could you just share a little bit more about that with us?

Mr. FOSTER. I think the USBWP has been a pretty good effort. I have to apologize, Senator, because the information I had from the start was to talk mainly about changes in the new farm bill to better address some of the ESA issues and species conservation. I haven't talked a lot about our successes and it is not true that we haven't had successes. I think the Upper Salmon Basin Watershed Project is a good example of a very successful project.

The Governor established the USBWP and assigned leadership to the Soil Conservation Commission and Districts. There has been a lot of good cooperative work up there. BPA funds have been used to do a lot of fishery habitat-type work with the landowners, Bureau of Reclamation, Idaho Department of Fish and Game, and numerous other agencies to make habitat improvements.

They have installed fish screens so that the fish don't get out in farmers' delivery systems and trapped and killed out on their fields. There has been a good cooperative effort with landowners and everyone. Some landowners have even used some of their own water, as flush flows at certain times to make sure fish migrations might take place. I really think in some cases, we are getting to where we may have more habitat up there than we have fish, but——

Senator CRAPO. Well, we are going to try to figure that out. Please take my congratulations back to all the folks there in the watershed project because I want them to know that what they are doing is not only helpful there, but it is giving us a good model here nationally to look at. I am a strong believer in collaborative efforts and this is the kind of thing where—I can remember not too many years back when the community there was fraught with conflict, the threat from year after year, one aspect or another of Federal law just hammering the community on an economic basis. Instead of reacting in the wrong way, the community came together, developed a collaborative approach to these issues, is working closely with all of the Federal, State, and other agencies, and really is doing a tremendous job there. So please take my congratulations back to them.

Mr. FOSTER. I will. Thank you.

Senator CRAPO. Mr. Searchinger, what do you think is the right balance between land acquisition, regulation, and incentives? And where I am going here is, isn't it time—I am not saying that we need to stop any of our current efforts, but isn't it time that we increased the focus on incentives?

Mr. SEARCHINGER. Absolutely, and I think you have been a leader on this issue. If I take the grand historical perspective, this country has had two major focuses in conservation. It has had the public land acquisition focus that goes back to the late part of the 19th century and Teddy Roosevelt. It has had the stewardship regulatory side, or the regulatory side of things. But private land is 70 percent of the land in the United States and it is almost incon-

ceivable that we have put as little focus as we have on providing incentives to private land stewardship. It is just extraordinary.

It has got to be one of the three pillars of conservation and I think it is a great opportunity and the agency that can probably do that is USDA, because the vast majority of private landowners are farmers, ranchers, or private forest owners and USDA has the infrastructure for working with those people and we don't want to duplicate it.

Senator CRAPO. Thank you. I just have to say, I completely agree and I hope we can get that idea well understood throughout the communities.

You propose up to 100 percent cost sharing under EQIP for situations in which landowners are willing to enhance their habitat for endangered species. Tell me what kind of a priority system you would recommend in that context for allocating the available funding.

Mr. SEARCHINGER. One of the reasons that EQIP hasn't done as much for endangered species is that there have been some mechanical problems in the ranking criteria. To give you some example, most ranking criteria put everything in one ranking system. So if you were going to do a manure management proposal, you could beat out another manure management proposal if you did a small wildlife project that really wasn't worth much but you got points for wildlife. So you had situations where the wildlife dollars were going to help producers who really wanted money for manure management beat out other manure management producers not because it was a very valuable wildlife proposal.

Now, NRCS is going to come out with some national templates not to mandate selection criteria, but to show mechanically how it can be done better, and one of the goals should be to have separate ranking criteria. So maybe only 5 percent or 10 percent of the money in a State will go into wildlife, but at least it will be evaluated against other wildlife proposals.

So the first thing is to have separate ranking criteria so that you can say, among the wildlife proposals, what are the most valuable to address the real key potential regulatory concerns that we will have? That is the first issue.

The second issue is probably to do that at the State level. Most money now is distributed at the county level, but county offices tend not to have a lot of biological expertise. So at the State level, you get more intermingling of multiple agencies and more opportunities for coordination.

And then the third thing I would say is this focus on coordinated projects is really critical. I think, for example, in Texas, they have set aside money at the State level for certain kinds of wildlife projects and one of them we are hoping this year is going to be more EQIP money that could help Steve Manning do the kinds of things that he is doing. And what that does is it permits a—when you ask Mr. Manning how come he has been so successful, it is because they have so many people working on things at the same time. They have, in fact, developed a programmatic Section 7 consultation so they don't have any ESA issues anymore related to that work. If we know we are going to have a certain amount of money, we can hire the biologists to deliver the technical assist-

ance, and because we have great farm leadership, I mean, that is critical, and Steve has created the goodwill and the partnership has created the goodwill so more landowners are interested.

So that is really the way to do it, is to say, hey, whatever the amount of money is right, we are going to put that money, if we can, focus it on the particular kind of effort and the particular kind of place to benefit, in his case, two species of birds, and I think we can do an enormous amount of benefit if we do it that way.

Senator CRAPO. Thank you. That is kind of a good segue, Mr. Manning, into the questions I wanted to ask you.

A number of you have mentioned the need to cut paperwork and Mr. Searchinger just mentioned your Section 7 consultation successes. How were you able to achieve the Section 7 consultation on your brush clearing program?

Mr. MANNING. Well, Senator, we actually did two Section 7s. When we started our project, we were asked to identify some key problems, key issues that needed to be resolved, and one of those obviously was the disconnect at that time between NRCS and Fish and Wildlife Service. I am sure Texas is not the only place that exists.

We knew that if we were going to be able to tap into those farm bill dollars, we had to get that resolved, and the situation was NRCS, there was some level of distrust between NRCS and the Service and so they just—there was kind of a standoff in which the NRCS, rather than going to consultation, just avoided any areas for technical assistance or cost share where there may be the potential for those endangered habitats to occur. Well, that is all real good, but they were ignoring a huge portion of the State that desperately needed those funds and that assistance.

And so one of the things we did with Leon River, with our project, is we put together that core group of NGO's to find a way to do a consultation and we did something that was kind of outside the box. Our NGO's for that consultation were Texas Farm Bureau, Texas Southwestern Cattle Raisers, Texas Wildlife Association, Environmental Defense, Nature Conservancy, Audubon Texas, Central Texas Cattle Association. Then we pulled in the State agencies that were partners and then the two Federal agencies and we went into an informal setting, just got in a room with everybody, rolled up our sleeves, and started talking about what do we need to do.

We weren't in a formal setting. There was no pressure. It was just trying to work out, basically in this case, the best management practices, management guidelines that we could use to do brush control and habitat management in those occupied habitats and get everybody to agree, and we did. Over about a 4–month period, we worked all that out, got to the point where we were in agreement, and once we did, then we got NRCS at the State level to request a formal consultation.

Now, the only other consultation I had ever been involved in was part of the grazing lease on Fort Hood. I saw the Army go through a very painful four-and-a-half year consultation between the Army and Fish and Wildlife Service.

But what we did is because we had everything worked out—and remember, Fish and Wildlife Service was at the table in that informal setting—we were able to develop a product that everybody was

in agreement in, the environmental community, ag community, wildlife community, everybody was in agreement in that product so that when NRCS did request formal consultation, the Service cranked it out in 68 days. Nobody had ever heard of that. That was for two counties.

Then we turned right around, because some of our State leadership—Susan Collins, our Commissioner of Agriculture, pretty strong in that area, wanted to take that model and do a Statewide programmatic, and so she brought together that same group. She actually referred to Leon River in her letter out to the stakeholders from a Statewide effort. She convened that first meeting in April of 2004, sat down the same basic group of folks and went through that process again. We basically cut the State in half because we figured out that for the four species, they were all West of I–35. We still had to deal with about 29 listed species, including our two birds, but also some plants that I had never heard of before, and we worked through all of that in about four to 5 months. And then again, we got NRCS to go back into consultation, and again, they turned out a Statewide programmatic consultation in about 62 days.

Now, we could probably roll at the chance and go home and call that a success, because that was a huge accomplishment for us, and the key to that was that core group of NGO's with some local, up to county, up to regional, at the State level involvement, and then let those folks leverage out and communicate to the State and Federal agencies they were most comfortable with.

When you can get the Farm Bureau and Environmental Defense, and it takes a lot of association, and Cattle Raisers to get to an agreement, there is a huge amount of energy that comes off of that and we made good advantage of it.

Senator CRAPO. This sounds to me like another tremendous success story of how collaboration works, making sure that the right people are at the table. I am assuming this, but I want to make sure we get it on the record, you mentioned that at the outset, there was a little bit of distrust between some of the agency personnel. I suspect that may have even been true with some of the NGO's and some of the others. But I am also guessing that by the time you were done, those trust levels had been significantly enhanced and people were very—they had developed personal relationships and they had developed trust, is that correct?

Mr. MANNING. Absolutely.

Senator CRAPO. That means that the next vote has started, those buzzers you have been hearing, and so I am going to have to wrap up pretty quickly here.

I just want to toss out one other general question here and it has to do with collaboration. It seems to me that we have a model of the Upper Salmon River Watershed Project. We have the model of what you are doing there in Texas, and I could go through another dozen different types of circumstances around the country where we are using what I call a collaborative effort, but basically the effort to bring people from all the different perspectives to the table, private sector as well as government, and have them develop the relationships and approach the issues in a way that will help find solutions. I am a big proponent of the notion that if we do that,

the outcome will be better for the environment and better for economic interests.

The idea of collaboration is certainly not new, but I will tell you, it is really hard to get traction at a legislative level here in Washington on that kind of thing because it involves reforming the way we approach decisionmaking. It might involve some amendments to the Endangered Species Act, to the farm bill, to NEPA, to some of the other process-oriented requirements of the law, and that immediately raises the distrust levels that we talked about earlier.

Again, I am really short on time here. I have only got just a couple of minutes before I have to wrap up, but I would appreciate any comments that any of you may have in terms of how you think we might be able to politically develop the momentum that will enable us to redirect our efforts in a more collaborative way in terms of environmental decisionmaking. Any thoughts on that? I know that is a big question for a couple of minutes.

Mr. SEARCHINGER. This is a very big question. I will want to think about it and talk to your staff more about it. I will give you a small answer, because I have a small amount of time.

There is a provision in the farm bill that hasn't been much implemented called Partnerships and Cooperation, which was designed essentially to facilitate these cooperations. It is similar to the Conservation Reserve Enhancement Program, which allowed States to submit plans, coordinated plans to use CRP in collaboration with State efforts.

No matter what statutorily happens, one of the great things to encourage people to work together is the prospect that there is money available if they do that, and so I think that getting behind making the Partnerships and Cooperation section actually happen work better, it includes the authority to change rules in order to—in fact, to simplify, effectually, paperwork in order to accomplish a particular plan that has been collaboratively agreed upon.

I think even at the State level, States could take advantage of that authority and that might be something you could encourage NRCS to more fully implement.

Senator CRAPO. Thank you very much. I am going to have to not let the rest of you jump in just because of time.

First of all, I am confident that we will be sending you some written questions and would encourage you to respond in writing. I would also appreciate your thoughts on this question in writing if you have any further thoughts.

Mr. Searchinger, you did indicate one thing, and one of the things I have noticed as we have gone through many different types of collaborative efforts is that in the end, when we come together on solutions, there is almost always a need for money or resources to implement the solutions, which is one of the reasons why I think that the conservation title of the farm bill is so key to helping us to move into a more incentive-oriented decisionmaking process in terms of species recovery.

But in any event, I want to thank all of the witnesses today for sticking with us through this. Your testimony has been very helpful, not only your written testimony, but your oral presentations and what I expect to receive from you on any written questions we send to you. I assure you that we are going to continue our effort

to try to make the maximum out of this opportunity that we have with such a tremendous vehicle, that is the conservation title of the farm bill.

With that, I am going to conclude this hearing. I apologize I won't be able to stick around and visit because I am going to have to rush over there and finish the last couple of these votes. But again, I thank you all for sticking with us and thank you for coming today.

This hearing is concluded.

[Whereupon, at 11:52 a.m., the subcommittee was adjourned.]

APPENDIX

JULY 26, 2005

Statement of Bruce I. Knight
Chief, Natural Resources Conservation Service
United States Department of Agriculture
Before the Senate Agriculture, Nutrition and Forestry Committee
Subcommittee on Forestry, Conservation and Rural Revitalization
July 26, 2005

Mr. Chairman and Members of the Subcommittee, I appreciate the opportunity to appear before you today to discuss the role of farm bill programs in supporting species conservation.

The topic of today's hearing gets to the heart of the concept of Cooperative Conservation, as wildlife conservation serves as an excellent example of how voluntary conservation efforts on private lands make a difference. Because nearly 70 percent of federally-listed species have habitat on private lands, farm bill conservation programs can and do make a difference in creating habitat for these species.

The Natural Resources Conservation Service (NRCS) has a unique role to play in the development of habitat for endangered, threatened, candidate, and at-risk species. In addition to the Wildlife Habitat Incentives Program, which focuses on improving habitat on private lands, many other farm bill conservation programs produce ancillary benefits that result in improved habitat for species. NRCS is poised to continue to help landowners make significant contributions in this area by delivering technical assistance based on sound science. The U.S. Department of Agriculture (USDA), through the farm bill conservation programs is also able to offer voluntary assistance that is economically feasible to landowners in the form of financial incentives, cost share for conservation projects, and conservation easements. In 2002, President Bush signed into law the most conservation oriented Farm Bill in history, which reauthorized and greatly enhanced conservation programs. In total, the new Farm Bill enacted by the President provided a $17.1 billion increase in conservation funding over a ten-year period. In addition, direction was provided to assist agricultural producers meet the regulatory challenges that they face.

In the case of the Endangered Species Act (ESA), USDA is working proactively to help producers address the habitat needs of species protected under the ESA, candidate and at-risk species. Conservation programs, such as the Wildlife Habitat Incentives Program (WHIP), the Wetlands Reserve Program (WRP), the Wetlands Reserve Enhancement Program (WREP), the Grassland Reserve Program (GRP), the Farm and Ranch Lands Protection Program (FRPP), and the Conservation Reserve Program (CRP) have had a positive impact on all wildlife, increasing habitat for both game and non-game species.

The Environmental Quality Incentives Program (EQIP) implementation procedures require NRCS State Conservationists to include in their Ranking Criteria, "compliance with Federal, State, local or tribal regulations concerning soil, water and air quality;

wildlife habitat; and ground and surface water conservation." In addition, one of the four national conservation priorities for EQIP addresses wildlife by seeking the "promotion of at-risk species habitat recovery." This national conservation priority is used by NRCS to allocate additional funding to states in targeted areas to address this resource issue. NRCS has worked to ensure that our programs are helping landowners address species concerns and providing incentives to not only protect Threatened and Endangered Species habitat, but also to develop and enhance new habitat for the future. Here are just a few examples of actions and assistance that USDA recently has offered to landowners with respect to habitat enhancement for targeted species.

The Wetlands Reserve Program

On Earth Day 2004, President Bush announced a Wetlands Initiative that will go beyond the Federal policy of "no net loss" of wetlands, and set a new goal to restore, improve, and protect at least three million acres of wetlands over the next five years. The Wetlands Reserve Program (WRP) is playing a significant role in meeting this goal. More than one-third of the Nation's Threatened or Endangered species live only in wetlands. The WRP provides restoration assistance and easements of 30 years or permanent in duration to protect wetlands. Through WRP, USDA's goal is to restore and protect more than 2 million acres of wetlands.

In addition, on May 16, 2005, Secretary Johanns announced the availability of $4 million in financial assistance for the Wetlands Reserve Enhancement Program (WREP) partnership proposals that restore and protect habitat for migratory birds and other wetland dependent wildlife. This new enhancement option within WRP allows NRCS to match resources and leverage the efforts of State and local governments to provide even greater assistance to landowners.

Eastern Bog Turtle and Ivory Billed Woodpecker

Of the $4 million recently made available for the WREP, a minimum of $500,000 is offered for partnership proposals that address Bog Turtle Habitat in the eastern United States. The Bog Turtle is a threatened species that has a potential range from New York and Massachusetts south to Tennessee and Georgia. Population declines are due mainly to loss of habitat, which consists of wet meadows and other shallow sunny wetlands, and encroachment of vegetation. This funding will create additional habitat. Bog Turtle-related proposals will compete for funding only with other Bog Turtle proposals under our recent announcement.

Also included in our WREP announcement is a minimum of $500,000 to assist with Ivory-billed woodpecker habitat in Arkansas. We believe that excellent opportunities exist for developing additional bottomland hardwood wetland habitat projects that will provide long-term benefits. In addition to WREP, NRCS is providing an additional $1 million in WRP funds, and $1 million in WHIP cost-share funds, to private landowners for practices that improve and restore native Ivory-billed woodpecker habitat. This includes restoring previously logged areas near deciduous forest swamps to improve and

protect critical habitat. We will be announcing the successful recipients of funding under this program soon, and feel that the excellent response and applications that have been submitted underscore the opportunities for increased private lands conservation of wildlife habitat. In addition, the Farm Service Agency will provide $2.7 million through the Conservation Reserve Program for Ivory-billed woodpecker habitat.

Pallid Sturgeon

To enhance habitat for the pallid sturgeon, NRCS offers cost-share assistance to help landowners downstream from the Fort Peck Dam prepare for increased flows which are released to simulate spring runoff, these are areas that have not been flooded in recent years. Eligible practices included retrofitting, relocating, and/or replacing irrigation pump sites, and wetland enhancement. These practices will help to minimize the damage to irrigation pump sites, limit the potential for pollution of the Missouri River, and allow farmers to continue raising crops. Wetland enhancements will help to protect fragile areas from erosion and silt deposition. Now in the third year of providing assistance to impacted producers, NRCS has funded approximately $900,000 in contracts.

Salmon

In February, Secretary Johanns announced $2.8 million in the Wildlife Habitat Incentives Program (WHIP) to help restore and conserve salmon habitat in Alaska, California, Idaho, Maine, Oregon, and Washington. These funds are part of the WHIP Salmon Habitat Restoration Initiative, which NRCS initiated in March of 2004. Through the initiative, NRCS helps landowners with projects that restore habitat for Pacific and Atlantic salmon and include increasing riparian areas to provide shade along streams, restoring gravel spawning beds, removing barriers to fish passages and reducing nutrient runoff from farming and ranching operations. In addition to this year's funding, NRCS signed 47 contracts and agreements with landowners, tribes, and municipalities in fiscal year (FY) 2004. These projects totaled more than $3.3 million and improved nearly 900 acres of riparian habitat and opened hundreds of miles of streams for fish passage. We are pleased with the gains being made to improve salmon habitat, and are confident that NRCS can continue to build upon this success for the future.

Sage Grouse

Habitat conservation for the Greater sage grouse in the western United States serves as a prime illustration of the role of Farm Bill programs and conservation planning assistance. Accelerated assistance provided through NRCS has had a positive impact on improving sage grouse habitat. NRCS provided more than $2.5 million in incentives for sage grouse habitat conservation, primarily through the Grassland Reserve Program (GRP) and WHIP in FY 2004. Just two weeks ago on July 13, Secretary Johanns announced an additional $5 million for sage grouse special projects in 11 western states. This doubles USDA's commitment over fiscal year 2004. NRCS estimates that with the funding last fiscal year more than 80,000 acres of sage grouse habitat benefited directly from private lands conservation efforts, with more than 1 million acres experiencing a secondary benefit. For FY 2005, we estimate that roughly 1.5 million acres of sage grouse habitat will

benefit from primary and secondary effects combined. Partially, as a result of this additional effort, the U.S. Fish and Wildlife Service made a decision not to list the Greater sage grouse as Threatened or Endangered under the ESA. In that decision, the Fish and Wildlife Service emphasized the importance of ongoing and future conservation efforts that benefit this species over the long-term.

Conservation Practices

Mr. Chairman, the breath and width of conservation practices that NRCS provides to enhance habitat under these different programs and for the different species is immense. Examples of just some of the types of practices implemented include:

- Fish Passage;
- Conservation Buffers;
- Wetland Creation/Enhancement/Restoration;
- fencing with livestock management and off-site water developments;
- in-stream fish structures; and
- seeding and creation of shallow water areas for wetland dependent wildlife.

Other Activities

The Healthy Forests Restoration Act of 2003 authorized the Healthy Forests Reserve Program (HFRP) through which USDA will make payments to private forest landowners who agree to protect forested acreage to promote the recovery of threatened and endangered species. This program has an authorization of appropriations of $5 million from FY 2004 through FY 2008, and can enroll up to 2 million acres. Program contracts can take the form of 10-year cost-share agreements and easements of 30-years or up to 99-years in duration. The Healthy Forests Restoration Act also contains innovative provisions relating to "safe harbor" or similar assurances under the ESA to landowners who enroll land in HFRP and whose conservation activities result in a net conservation benefit for listed, candidate, or other species. USDA is working collaboratively with the Department of the Interior's U.S. Fish and Wildlife Service on establishing these procedures for HFRP.

Summary

In a broad sense, the Administration's commitment toward Cooperative Conservation will mean greater emphasis on assisting producers to identify opportunities for improved and increased fish and wildlife habitat. Mr. Chairman, my statement has highlighted just a few of the programs and provided a general sense of the kinds of species targeted and work that private lands conservation is accomplishing. But there are numerous other species that are benefiting everyday from conservation efforts on farms and ranches across America. To provide an idea of the scope and magnitude of our efforts, NRCS will provide over $1 billion in funding through the EQIP program this year. Couple these funds with the additional half billion dollars dedicated through our other conservation programs including the Farm and Ranch Lands Protection Program (FRPP) and Conservation Security Program (CSP) this year, it becomes quite clear that wildlife

habitat and many species of concern are receiving major benefits from the work of NRCS. I note that under the CSP, wildlife habitat plays a major part in that program, as any farmer or rancher with wildlife habitat issues on their property must fully address those needs in order to qualify for participation at the highest levels.

We will continue to seek innovative means of protecting and restoring fish and wildlife habitat by offering farmers and ranchers incentive-based programs and planning assistance. We also will continue to seek out opportunities to best target our resources and assistance when special opportunities or circumstances necessitate. Rural America has an excellent story to tell. If we provide solid information, financial resources, and technical assistance, we can achieve a win-win for American agriculture as well as for wildlife conservation.

I would be happy to respond to any questions that Members of the Subcommittee might have.

Testimony of
James L. Cummins, Executive Director
Mississippi Fish and Wildlife Foundation

July 26, 2005
10:00 A.M.
United States Senate
Washington, D.C.

Utilizing the Farm Bill To
Recover Threatened and Endangered Species

Presented To The
Committee on Agriculture, Nutrition and Forestry,
Subcommittee on Forestry, Conservation and Rural Revitalization
Oversight Hearing
On The
Farm Bill And The Conservation Of Species

Utilizing the Farm Bill
To Recover Threatened and Endangered Species

"I find the greatest thing in this world is not so much where we stand as in what direction we are moving."
Oliver Wendell Holmes

"Timely disbursements to prepare for danger frequently prevent much greater disbursements to repel it."
George Washington

"Give a person a fish and you feed them for a day. Teach a person to fish and you feed them for a lifetime."
Confucius

Introduction

Chairman Crapo, Ranking Member Lincoln, Senator Cochran, other members of the Committee, thank you for the opportunity to appear before you today to speak on how to utilize the Farm Bill to recover threatened and endangered species, improve the populations of candidates for such listing, State-listed species or special concern species (hereinafter collectively referred to as species). We have worked hard over the past 15 years to develop programs for conservation. You have spent a lot of time on it as well and a lot of us in the conservation community appreciate it.

No committee understands conservation incentives better than the Agriculture Committee. It is humbling to be before you today and to be in a room where most of our Nation's most important conservation programs were born. I would also like to commend Chairman Chambliss for appointing Martha Scott Poindexter as the Staff Director of such an important committee. I have worked with her for about 10 years and respect her leadership and breadth of knowledge about Farm Bill conservation programs.

I am James L. Cummins, Executive Director of the Mississippi Fish and Wildlife Foundation. I am also President of the Mississippi River Trust. I am a certified fisheries biologist, a certified wildlife biologist and a private landowner. Our family's 140 acres have been in the family since 1833 and during that time it has undergone many changes from cotton to cattle/corn to timber/wildlife today. We have 40 acres in the Wildlife Habitat Incentives Program, 10 acres in the Conservation Reserve Program (hardwoods) and 30 acres in the Partners For Fish and Wildlife Program. Some of the Foundation's more significant accomplishments include working with Senator Thad Cochran to develop the Wildlife Habitat

Incentives Program (WHIP), working with the Congress to develop the Grassland Reserve Program (GRP), helping the Congress develop many of the components of the Wetland Reserve Program (WRP) and working with the Congress to develop the Healthy Forest Reserve Program (HFRP). We also worked with The White House Council on Environmental Quality and the U.S. Department of Agriculture (USDA) Farm Service Agency to develop the continuous sign-up for bottomland hardwoods in the Conservation Reserve Program (CRP). Regarding public lands, we worked with our delegation to develop the Holt Collier and Theodore Roosevelt National Wildlife Refuges as well as the Sky Lake Wildlife Management Area, which contains the largest stand of ancient cypress in the world. We also work in the area of market-based incentives for conservation, such as tradable credits for carbon sequestration, endangered species, wetlands and streams. I proudly serve as a member of Environmental Defense's Center For Conservation Incentives. The Center's most recent program, Back From The Brink, is about recovering species.

Background

A case can be made that the Endangered Species Act (ESA) has been very effective in preventing many species from becoming extinct; however, by all accounts, it has not been successful at restoring habitat and significantly increasing populations. The ESA has listed a great many species and kept them from becoming extinct, however it has delisted/recovered very few. If our health system operated in a similar fashion, it would need to be improved. In other words, we would have put 1,274 people in the hospital, kept 989 in intensive care (endangered), 275 in the regular ward (threatened) and released 10 (delisted). There is significant room for improvement, but like a quality health care system, restoring the health of our Nation's candidate, threatened and endangered species requires dollars - and lots of them.

The Act basically says nothing about incentives. In a statement of Congressional findings in Section 2, it states that Congress finds that "a system of incentives" is "key to meeting the Nation's international commitments." The first incentive-based program Congress authorized and funded for species was done when the Senate adopted an idea of Senator Cochran's - 23 years later - in 1996 by including the Wildlife Habitat Incentives Program in that year's Farm Bill. It is currently our Nation's largest incentive-based program to recover species. The HFRP, a program whose sole purpose is to recover species associated with forest ecosystems is a product of Senators Cochran, Lincoln and Crapo, and Congressman McGinnis. Programs

such as Partners For Fish and Wildlife, the Landowner Incentives Program, Private Stewardship Grants and Safe Harbor Agreements, all great programs, but were created administratively. Other private lands programs have broader conservation goals.

It is easily recognizable that this Subcommittee has had the most experience in the Senate in developing incentives - from water quality to wetlands to wildlife habitat. So your leadership, knowledge and experience are essential in the development of incentives for species.

Private lands provide habitat for at least 80 percent of our Nation's threatened and endangered species. The South has the largest percentage of listed and candidate species in the nation. And that is unfortunate. For the species, and human's sake, I wish that list was shorter. Eight of the top ten states and territories with the most listings are in the South; they include: Alabama (114), Florida (111), Georgia (66), North Carolina (63), Tennessee (95), Texas (91), Virginia (71) and Puerto Rico (75). Mississippi has 38. Arkansas has 30. Idaho has 24. Only California and Hawaii have more listed species.

The ESA can be much more effective if new, constructive ideas are incorporated into it. Stewardship of threatened and endangered species can be encouraged that respects property rights. Although a free-market economy is the preferred means of improving the environment, it does not always work in this situation and incentives should be provided. Incentives appear to be more expensive, but many times are less harmful to the economy than burdensome regulations. And in some cases, like that of aquatic ecosystems, incentives do not always work and a stronger commitment and more cooperation from the public works agencies are needed.

Habitat is the basis of every fish and wildlife population and should be the basis of every recovery effort. I am not persuaded that the current ideas on the table are taking full opportunity of the consensus over the importance of habitat conservation.

It is obvious that we cannot set aside unlimited acres for fish, wildlife and plant habitat. The ESA calls for the federal government to prohibit certain activities that would cause the take of a listed species unless such activities are not otherwise authorized by an incidental take permit. Many times, if the land use causes a take, the result under the current system is not only hostility on the part of the landowner, but sometimes damage to the species needing protection. Ability of government to control how property is used can make an enemy out of even the most harmless of birds, fish or other listed species. There is no balance similar to what we have become familiar with in agriculture.

Let me provide an example. Not long ago, at the dedication of our Nation's first National Wildlife Refuge (NWR) named for an African American - the Holt Collier NWR - Senator Thad Cochran discussed balance. He referred to the old Mississippi initiative of "Balancing Agriculture With Industry" and stated how the new refuge will demonstrate how we can balance agriculture with the environment by keeping the best lands in agricultural production and restoring lands that are not well-suited for agriculture back to wildlife habitat.

Our Nation depends very heavily on private lands to produce the thousands of products we need every day - from cotton to coal to cellulose and beyond. We are also depending on these same lands to provide many other services that benefit society, for most of which landowners never receive compensation. These free services to society include producing oxygen, sequestering carbon dioxide, filtering air and water, providing fish and wildlife habitat, including that for threatened and endangered species, improving the aesthetic beauty of the natural landscape and providing opportunities for recreation and solitude, just to name a few.

We as a Nation have come to expect all of this from private landowners while rarely giving thought to how they can afford to provide these services "free of charge," when these services cost landowners. It is a cost that can only be recovered through the selling of, for example, cotton, timber, minerals or by divesting of the land.

And while this may be possible for some private landowners, many small and medium-sized landowners continue to find it difficult, if not impossible, to invest in active and sustainable land management over such a long time. Add to this the uncertainty of regulations that might limit land management options, as well as the ever-increasing campaign against the use of wood products, and it is easy to see why more and more private landowners are choosing to divest of their lands. These lands are rapidly being developed and broken into smaller units that cannot sustain many of the benefits and services society depends. Land having value - even for wood - is a great thing, especially when you are competing against concrete and asphalt.

Landowners need the encouragement, financial and technical support and backing of federal and state governments to undertake projects to recover the declining, threatened and endangered species that are found on their property. Incentive-based programs provide the basic operating framework to accomplish this objective.

Producing results requires spending money - but spending money is no guarantee of results. We need to break the standoff over funding. Emphasizing recovery can build confidence that

our money is spent wisely, and this confidence can, in turn, build support for more investment from both the private and public sectors.

I have quite a few suggestions to improve the Act. And all of those that I will discuss today can be accomplished through the Farm Bill.

I would like to talk about: 1) Better use existing conservation incentives; 2) Better utilize the tax code; 3) Easements versus rental payments versus cost-share programs; 4) Preservation versus active management; 5) Military base encroachment/species recovery; 6) Reduce the spread of invasive species; 7) Debt for conservation; 8) Safe harbor; 9) Technical assistance; and 10) Carbon sequestration.

Better Use Existing Conservation Incentives

We need to better utilize the existing programs to recover species. First, the Congress needs to fully fund the HFRP and develop the first agreements under the program prior to this year's end. The Senate has done their part to establish a pilot program. Senators Cochran, Chambliss, Crapo, Lincoln and others have requested funds with the support of 53 national conservation groups. I hope the House will support the Senate in conference.

The top ten states with the greatest risk of forest ecosystem loss almost mirrors those state with the most listed species I stated earlier. These states are Florida, California, Hawaii, Georgia, North Carolina, Texas, South Carolina, Virginia, Alabama and Tennessee.

Restoring forest ecosystems like the once great longleaf pine forests of the southern coastal plain, fire-maintained, natural southern pine forests, southwestern riparian forests, Hawaiian dry forests, Southern Appalachian spruce-fir forests, mature Eastern deciduous forests, California riparian forests, old-growth forests of the pacific Northwest, mature red and white pine forests of the Great Lake states, fire-maintained ponderosa pine forests and southern forested wetlands are extremely important to the recovery of many species.

The WHIP is one of the most cost-effective programs in the USDA tool box. Like the HFRP, its greatest limitation is funding. There are also other mechanisms to change and possibly improve the program and those ideas should be fully discussed for the next Farm Bill.

Listed species, more often than not, occur in waters, wetlands, grasslands, forests and riparian areas. With the exception of riparian areas, USDA has programs dedicated to these ecosystems.

Recovery can be further incorporated into other programs of

the USDA. I have some general comments that I would like to make, and unless specified, that are across the board and not limited to any one program.

1. For species only, expand the definition of cropping history to include any type of land.
2. For the CRP, establish a continuous sign-up, with incentives like the buffer initiative, for species.
3. Limit the area where there is a realistic possibility of recovering a species rather than allowing its entire historic range to be included. Eligible lands should include those that are in close proximity to existing habitat and populations where significant population recovery can occur. Priority should be given to lands where the opportunity exists to resolve landowner conflicts with species. Increase the points in the Environmental Benefits Index for land that is adjacent to or in close proximity to a population.
4. Plant the vegetative type historically on the land (i.e.; do not plant trees on land formerly in native prairie).
5. Our Nation's native prairie ecosystems are the most degraded. Utilize the GRP to restore native prairie, not protect grasslands near urban areas.
6. Reauthorize the Grasslands Reserve Program before the next Farm Bill.
7. Include safe harbor protection for landowners.

Better Utilize The Tax Code

The tax code, when used properly, can greatly aid in the conservation of species. Conservation easements are a great tool, but from a species perspective, they basically preserve the status quo. To achieve real change, restoration of habitat must be incorporated into any recovery program.

A significant recovery title should be included in any new piece of legislation concerning ESA reauthorization. A 2 million acre Endangered Species Reserve Program (ESRP), consisting of tax credits for recovery should be established. If it was authorized for 10 years, that would allow 200,000 acres to be enrolled per year. The cost would be approximately $60/acre for technical assistance and administration (one time), $50/acre/year for the rental payment (15 or 30 years) and $275 per acre for restoration (one time). This potential program should emphasize recovery through habitat restoration. Also, it should aid a species before it reaches either a status of threatened or endangered. The origin of this idea came from several conversations and meetings with my friend, the late Senator John Chafee, who also felt that incentives are critical to recover threatened and endangered species. It is also

similar to the part of Senate Bill 1365 (104th Congress, 1st Session) that was introduced by former Senator Kempthorne and co-sponsored by Senators Cochran, McConnell and Thomas.

These tax credits can be used by the landowner. It would be beneficial if the landowner could also transfer or sell the tax credit to another private individual, corporation, group or association so it will help meet the needs of all landowners, including those with limited resources. However, the ability to transfer can create significant tax problems.

The ESRP would focus on restoration of habitat, which would function similar to HFRP.

The ESRP could consist of three components. The first component could consist of a voluntary, 15-year agreement being placed on land that is in close proximity to existing habitat of a threatened species; the landowner would receive a tax credit equal to 75 percent of the applicable acreage rate utilizing acreage rates similar to those of the CRP plus 100 percent of the restoration costs.

The second component could consist of a voluntary, 30-year agreement being placed on land that is in close proximity to the existing habitat of an endangered species; the landowner could receive 75 percent of the applicable acreage rate utilizing acreage rates similar to those of the Conservation Reserve Program plus 100 percent of the restoration costs.

There could be a limit per year on tax credits the landowner could take, although this is not desired. He/she would have 6 years to use the credit from any given year. If the land is sold or transferred, the new landowner, like the CRP, would receive the tax credits.

For example, a landowner just north of Biloxi, Mississippi has a 15 year old loblolly plantation adjacent to a stand of longleaf pine that is the home to the federally threatened gopher tortoise. An employee with the U.S. Fish and Wildlife Service (USFWS), for example, approaches the landowner about his property and tells him of this program. The landowner likes the program and enrolls his 500 acres. He cuts his loblolly and sells it for pulp. He also restores the land to longleaf pine for a cost of $46.67/acre/year for the rental payment (75 percent = $35/acre/year) and $140/acre for the first year for the restoration. The landowner takes his tax credit in year one for the rental payment and 100 percent of the restoration ($70,000 total). He takes his maximum credit in year one for $50,000 and carries the balance ($37,500) to the next year. The next year he uses it and the $17,500 credit from the rental payment for a total of $55,000; he takes $50,000 in tax credits and transfers $5,000 to the next year. The third year he has to do a controlled burn (required every three years) for $20/acre

for a total of $10,000. That year he uses his credit from the rental payment, plus the $5,000 from the previous year plus the $7,500 from the burn for a total of $30,000.

A ranking system could be created so that only the projects with the greatest benefits (through a threatened and endangered species benefits index) are funded. Projects where the species can be recovered in less than 30 years would receive the highest priority. For species where the estimated recovery time is greater than 30 years, priority would be given to projects where the landowner agrees to place a perpetual conservation easement on them (as is authorized now).

Easements Versus Rental Payments Versus Cost-Share Programs

There has been a lot of discussion about how to structure programs - do you use an easement, rental agreement or only cost-share for the conservation practices?

Once you get past the group of landowners that are passionate about conservation, it boils down to dollars. Is the payment greater than or at least close to or equal to, agriculture, silviculture and/or development?

Whether one chooses an easement or agreement, there are significant tax implications to landowners. Agreements, such as those of the CRP are considered ordinary income and are taxed accordingly - in Mississippi that would be approximately 35 percent at the federal level and 5 percent at the state level for a total of 40 percent.

Easements, generally speaking, are not taxed. If the amount received in payment for the easement is greater than the basis of the easement, a taxable transaction has occurred. If there is a gain (amount realized minus the basis in the property), and the property has been held by the seller for more than 1 year, the gain will generally be treated as long term capital gain. A 1977 Internal Revenue Service ruling suggests that the entire basis in the property may be used to offset potential gains realized on the sale of an easement.

For example, assume that Patsy and Rufus Thompson own a 1,000 acre tree farm they acquired 5 years ago for $400,000 is now worth $600,000. Assume the Thompson's sell an easement to the USDA for $600,000. All of the Thompson's basis in the land can be attributed to the easement. The gain subject to tax would be $200,000 ($600,000 minus $400,000).

Let's look at another example using an easement. Assume that Betty and Bob Williams own a 2,000-acre tree farm they acquired 3 years ago for $2,100,000 is now worth $2,500,000. Assume the Williams sell an easement to the USDA for $2,000,000. All of the Williams basis in the land can be attributed to the easement. But in this case, the gain subject to tax would be

zero ($2,100,000 is greater than $2,000,000).

Let's look at a similar example using an agreement. Assume that Betty and Bob Williams sold the USDA a 15 year rental agreement for $2,000,000 (2,000 acres X $66.67/acre X 15 years). Since that is classified as ordinary income (rental property), they would owe $100,000 in state tax (5 percent) and $700,000 in federal tax (35 percent) for a total of $800,000 owed in taxes (40 percent). Therefore, with an agreement, the landowner would only realize 60 percent of his or her agreement's worth.

In addition to receiving a payment for the easement, a landowner may also receive cost-share payments for restoration. Under a 10 or 15-year restoration cost-share agreement, a landowner agrees to undertake approved conservation-related improvements on the property in return for a cost-share payment, generally between 75 and 100 percent of the costs for restoring the wetland. An easement and a restoration cost-share agreement may be combined in one agreement with the USDA but separate payments are made for the easement and for the cost-share agreement. Under most circumstances, cost-share payments received are excluded from gross income.

When used by themselves, cost-share programs pay for a portion of implementing the practice. They work when there are both public and private benefits. If the private benefits were great enough, the cost-share would not need to be provided. Conservation practices beneficial to species often do not have private benefits, only public ones. In this case, the full portion (100 percent) of the cost-share would need to be provided to achieve the desired result. To achieve a real impact, beyond the passionate conservationist, an incentive in the form of an annual rental or one-time easement payment is needed.

Preservation Versus Active Management

Many endangered species cannot be recovered by simply preserving what habitat is left. That would be like trying to raise a head of 50 cattle on a pasture whose carrying capacity is 10 cattle. These habitats have to be actively managed to achieve the desired results. For example, we are doing a great job of preserving the status quo of the red cockaded woodpecker. Its optimum habitat is characterized by old-growth pine forests with little or no hardwood understory. Fires caused by lightning and those set by native Americans burned these areas, killed the hardwoods and resulted in a grassy understory. Furthermore, the fire aided the fire-tolerant longleaf pine, which was needed for seed germination. Now, mainly because of liability and the desire of many to not create a habitat favorable for regulation, controlled burns are not used as much.

This lack of management has resulted in no colonies of the woodpecker to be found on private land in Mississippi. Preservation will kill the woodpecker, but management can significantly increase its numbers.

In the short-term, the ivory-billed woodpecker is another good example. In the late 1930s and early 1940s John Tanner determined and reported on the "Requirements and General Policy of a Conservation Program" for the woodpecker. He talked about the need to create the dead tree component of an old-growth forest by girdling and killing trees in a middle-aged stand. This action will result in beetle larvae between the bark and cambium layer of the tree - in a middle-aged forest that normally does not provide the quantity of food that the woodpecker needs.

Between professional foresters, range specialists and management biologists, much of the knowledge is available to manage for a species or a group of species. But we have to put that knowledge to work and get past the perception that chainsaws, chemicals and other management tools are bad. The August issue of Outside magazine has a great story about this perception.

Military Base Encroachment/Species Recovery

The Department of Defense is faced with a serious and growing threat to its ability to maintain the readiness, through training, of our Armed Forces for their missions. That threat, often termed encroachment, is caused largely by developmental pressures and loss of habitat in the vicinity of key installations and under critical military air space and training routes. The list of bases, ranges and airspace already seriously impacted by these pressures is long and growing.

Unless action is taken now, those pressures will become even more severe and the adverse impacts on our military will worsen.

The most effective action we can take to protect these key bases, ranges and airspace is to protect the land and important habitat in their vicinity. In recognition of the remarkable success of this open and collaborative approach in countering encroachment at Fort Bragg, Congress authorized the military to enter into agreements with state and local governments and conservation organizations to work together to protect land in the vicinity of bases and associated airspace. It authorized the military to expend operational funds to help acquire, from willing sellers only, the minimum property interest necessary to ensure that an installation will be able to accomplish its mission now and in the future.

Those of us who have been privileged to work in close

partnership with the military have the deepest respect and admiration for the dedicated professionals, uniformed and civilian, who do so much to ensure that as they protect our Nation they also meet their obligations as stewards of the lands entrusted to their care.

Their efforts, and the unique nature of military activities, have resulted in our military bases having some of the best remaining habitat for threatened and endangered species in the Nation and functioning as key reservoirs of the biodiversity so fundamental to an enduring and healthy environment.

There is a great opportunity to not only accomplish a key need of the military in reducing base encroachment, but recovering and hopefully delisting species that may hamper the mission of the base or range.

Reduce The Spread of Invasive Species

We need a mechanism for strong invasive species control. It could be in the form of new legislation, such as that which Senator Cochran added to the Healthy Forest Restoration Act and was stripped out in conference or added as a component to an existing program, such as the Environmental Quality Incentives Program. This is very different than the highly controversial idea of regulatory control of invasive species.

Invasive species, sometimes referred to as nonnative, alien, exotic or nonindigenous, introduced species, are those that evolved elsewhere and have been purposely or accidentally relocated. It has been estimated that invasive species rank as the second most important threat to native species, behind habitat destruction, having contributed to the decline of 42 percent of our Nation's threatened and endangered species.

This invasion has gained momentum since the last century when many of these plants were first imported or accidentally introduced. It is estimated that 100 million acres in the United States have already been affected by invasive exotic plants. This acreage increases annually by an area twice the size of Delaware. Almost 20 percent of the plant species in Mississippi's forests, parks, refuges and other open spaces are not native to our state. Some of these exotic plants meet few natural constraints and can soon dominate a landscape.

Invasive species may negatively impact native species in any number of ways including: eating them; competing with them; mating with them and decreasing genetic diversity; introducing pathogens and parasites that sicken or kill them; and disrupting available nutrients. An introduced species can change the look and makeup of an entire ecosystem - changing species composition, decreasing rare species and even changing or

degrading the normal functioning of the system. An ecosystem free of invasive species is a key to maintaining and recovering threatened and endangered species.

Invasive plants can smother native vegetation or change the timing and severity of fires, floods and other disturbances. Introduced diseases and parasites can attack and eliminate dominant native plant species. For example, the chestnut blight fungus from Asia all but wiped out the American chestnut, thus changing the makeup of eastern forests. Cogongrass, classified as the seventh worst weed in the world, is hardy and tolerant of shade, high salinity and drought. It forms dense mats that crowd out native vegetation and forage plants and displaces species such as the threatened gopher tortoise in the Gulf Coastal Plain. It can alter the natural fire regime by causing hotter and more frequent fires. Water hyacinth may be the world's worst aquatic weed. One of the fastest growing plants known; it displaces native plants, fish and wildlife, disrupts water transportation, including that of the Tennessee-Tombigbee Waterway, disturbs recreational fishing and blocks water intakes at hydroelectric power-generating dams. At one time in Florida, 125,000 acres of open water was covered with up to 200 tons of water hyacinth per acre.

Assistance for chemical, mechanical, biological and ecological control is needed where they are impacting threatened and endangered species.

Debt For Conservation

The 1985 Farm Bill contained a provision called "Farm Debt Restructure and Set-Aside," or Debt For Nature as it is commonly called. This is discretionary authority whereby the Secretary of Agriculture can offer debt forgiveness in exchange for a contract on lands that back up a loan. Delinquent and non-delinquent borrowers are eligible. Debt for Nature is a voluntary program that provides an opportunity for certain Farm Service Agency (FSA) borrowers to enter into a 50, 30 or 10-year contract to cancel a portion of their indebtedness with the USDA in exchange for devoting all or a portion of their eligible acreage for conservation, recreation or wildlife purposes. The amount of debt cancellation is directly proportional to the length of the contract. In terms of land eligibility, almost any land is eligible to be offered or enrolled.

The acreage placed under conservation contract cannot be used by the borrower during the term of the contract for the production of agricultural commodities or for other activities that conflict with the purposes of the contract. However, the participant retains the right to control public access to the area and may use the area in a manner compatible with the

contract as determined by the USDA.

Debt for Nature has no authority to provide financial assistance to landowners to establish conservation or fish and wildlife practices. Since many of the potential Debt for Nature participants are already in a financially stressed situation, it is important that funds be made available to contribute to the cost of establishing the necessary practices, something that currently does not exist.

The existing program needs to be amended so that the Secretary can offer debt forgiveness in exchange for conservation practices, rental payments and/or easements on lands that back up the loan. It would be a "Debt For Conservation" program and any lands and practices eligible for any incentive program of the USDA would be eligible. All cost-share requirements would be waived for delinquent borrowers; non-delinquent borrowers would be required to pay the cost-share requirements.

In general, the amount of a borrower's FSA debt secured by real estate can be canceled in proportion to the full value of the program, waving the cost-share requirement; he or she is participating in. Funding comes directly from the CRP and the "sign-up" opportunity for participation in the CRP would be continuous.

For example, a delinquent borrower near Cotton Plant, Arkansas, who owes the USDA a total of $100,000, wants to enroll 100 acres in the CRP in exchange for canceling the equivalent amount of debt. The program would have paid the borrower $50 per acre for 10 years and 50 percent of the cost-share for the establishment of the practice, which is a stand of bottomland hardwoods near the area where the ivory-billed woodpecker was sighted. The total cost of establishing the practice is $150/acre and the full amount can be charged against the loan since the cost-share requirement is waived. The value of the 10-year contract is $50,000 and the value of the practice is $20,000, for a total of $70,000. Therefore the delinquent borrower can waive $70,000 in exchange for placing 100 acres in CRP.

Like Debt For Nature, for borrowers who are current with their loan payments or those who are receiving a new loan secured by real estate, no more than 33 percent of the loan principal can be canceled in exchange for a contract or easement and corresponding practices. For delinquent borrowers, the amount of debt canceled may exceed 33 percent.

All FSA borrowers with loans secured by real estate are eligible providing they have acreage that is otherwise eligible for the specific program (CRP, HFRP, GRP, WHIP, WRP, etc.) they are interested in participating.

"Debt For Conservation" is better than "Debt For Nature" because it utilizes programs that farmers and District Conservationists are familiar with and know how to implement. Furthermore, it implements conservation and fish/wildlife practices versus just retiring land.

Safe-Harbor

Finally, safe-harbor language should be included so that a property owner shall not be liable for any incidental take of any listed species or resident species pursuant to the ESA or any other federal law from altering the habitat or making a different use of the area under the agreement once it has expired. In providing safe harbor provisions, land enrolled in any Farm Bill program and land in the immediate area that would likely be impacted by the restoration plan as the species is recovering should be eligible.

The Safe Harbor Program is a very important tool. It began in the South in 1995 as a novel approach to encourage voluntary management by private landowners to benefit listed species without imposing additional regulatory restrictions on property use. Today, landowners across the nation in 17 states have enrolled and are managing 3.6 million acres of private property with Safe Harbor Agreements. In the South, state agencies have developed and administer state-wide Safe Harbor Plans and permits for the red-cockaded woodpecker in Louisiana, Georgia, South Carolina and Texas from which private landowners have enrolled over 200,000 acres. In Mississippi, the USFWS has approved and is about to issue the first permit for a gopher tortoise and the red-cockaded woodpecker Safe Harbor Agreement. The USFWS and its partners, which include us, Environmental Defense and the American Forest Foundation, are currently are working to develop a range-wide gopher tortoise Safe Harbor Plan, a black pine snake Candidate Conservation Agreement and permits. During the first year of this plan, we anticipate landowners enrolling approximately 5,000 acres. These landowners will restore, grow, and produce longleaf pine for timber while enhancing habitat for these species.

Technical Assistance

USDA employees, specifically those of the Natural Resources Conservation Service, work with thousands of landowners every day. If they were more knowledgeable about endangered species conservation tools and needs, and had more authority and funding for technical assistance in conservation efforts, they, along with State Technical Committees, could develop appropriate conservation practices which could reduce landowner anxiety and better enlist landowners in conservation.

Technical assistance, even if it involves a strong partnership with the USFWS and state departments of wildlife/natural heritage programs, is essential in achieving the most environmental benefits for the dollars expended.

Carbon Sequestration

On February 15, 2002, the Bush Administration announced the Climate Change Initiative, which includes carbon sequestration. Carbon sequestration is designed to meet the carbon-offset objectives of companies by reducing greenhouse gases. A carbon-offset program can positively impact clean air and can be used to restore ecosystems and enhance the recovery of threatened and endangered species, besides having other positive environmental impacts such as reducing water pollution.

There should be an emphasis on reforestation and forest management efforts so that it is done in a manner that both sequesters carbon and at the same time emphasizes the recovery of threatened and endangered species. By doing so, the United States can achieve benefits in other national and international commitments. To date, the U.S. Department of Interior has been a leader in working with energy companies to reforest lands of the USFWS in a biodiverse manner. The Southeast and the Pacific Northwest are the two most effective areas in North America for the sequestration of carbon.

As programs to manage carbon are designed, strong consideration should be given to how we sequester carbon and achieve other environmental benefits as well.

Summary

Landowners in the South, and particularly Arkansas, Louisiana and Mississippi, have done a very good job of conservation of habitat for all species, no matter whether they are listed under the ESA or not. With a new way of thinking to make them more attractive, economically that is, they will be much better off.

The conservation community will support a large habitat and population recovery program. It is reasonable to assume that a coalition of conservation groups similar to that of the Healthy Forest Initiative can be established. I think you will find that both industry and conservation groups in my part of the world will help implement conservation measures to avoid listings, recover species that are listed and do this in a manner that we work with private landowners versus against them.

The type of proactive approach that I have suggested will help remove the threatened and endangered species of our Nation from their respective list. It will also aid a species before it reaches a status of threatened or endangered, making it

unnecessary to list a species. Working with private property owners and enabling them to conserve habitat on their property is the kind of proactive strategy that can head off regulatory crises, while improving the environment and providing opportunities for economic development.

Mr. Chairman, Ranking Member Lincoln, Senator Cochran, this concludes my remarks. I will glad to respond to any questions that either of you or other members of the Committee may have.

Thank you.

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Subcommittee on Forestry, Conservation and Rural Revitalization of the United States
Senate Committee on Agriculture, Nutrition, and Forestry

Tuesday, July 26, 2005
10:00 am
SR-328A
Senate Russell Building

Testimony of
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My name is Steve Manning. I am a 5th generation rancher from Coryell County in Central Texas. My testimony will focus on the Leon River Restoration Project (LRRP) and the Leon River Restoration Project Phase I Report issued by Texas A&M University, September 2004.

The LRRP is a research brush control program within the Leon River watershed of Hamilton and Coryell Counties, Texas. The primary objective of the research component is to quantify the impacts of Ashe juniper removal and rangeland management on water yield and quality, wildlife habitat, and forage production for livestock. Juniper removal and rangeland management practices are implemented on selected private rangelands that are within habitat for the golden-cheeked warbler and the black-capped vireo, both of which are endangered species. The LRRP is significantly unique in the success it has accomplished by bringing together a large number of stakeholders to work effectively toward diverse goals in a common project.

This project has been the coordinating mechanism to bring together a number of diverse non-governmental organizations and federal and state agencies, working with private landowners and land managers. Partners include Texas Wildlife Association, Texas and Southwestern Cattle Raisers Association, Central Texas Cattlemen's Association, Texas Audubon Society, Environmental Defense, Nature Conservancy, Coryell County Commissioners Court, Hamilton County Commissioners Court, Hamilton/Coryell Soil & Water Conservation District, Texas Department of Agriculture, Texas Water Development Board, Texas Parks and Wildlife Department, Texas A&M University, University of Texas Center for Space Research U.S. Department of Agriculture Natural Resource Conservation Service, U.S. Department of Interior Fish and Wildlife Service, U. S. Army III Corps and Fort Hood, National Fish and Wildlife Foundation, Brazos River Authority, Blackland Research Experiment Station and others.

The following are major objectives of the LRRP related to the research components:

- To evaluate changes in water yield and water quality resulting from brush management.
- To improve wildlife habitat and increase populations, including the federally listed black-capped vireo and golden-cheeked warbler.
- To incorporate long-term management practices to maintain water and wildlife improvements.
- To assess and analyze the economic impacts of the project on participating landowners.
- To quantify the impacts of ashe juniper removal and rangeland management on water, wildlife, and forage production for livestock in a way that optimizes transferability of the data to similar areas.

The four major research components of the LRRP are Water, Wildlife, Range and Economics. This testimony will highlight results of the wildlife and economics components.

The project area for the LRRP is the Leon River watershed in Hamilton and Coryell Counties, Texas. The watershed encompasses over 700,000 acres in these 2 counties of which approximately 350,000 acres is rangeland suitable for participation in the project. As a part of the wildlife research component presence/absence surveys were conducted throughout the project area using standard survey protocol. Species targeted in the surveys include northern bobwhite quail, white-eyed vireo, Bell's vireo, black-capped vireo, golden-cheeked warbler, painted bunting and brown-headed cowbird. Two of these species, the black-capped vireo and golden-cheeked warbler are federally listed as endangered.

Presence/absence surveys have been conducted in 2003, 2004 and 2005. Results have been consistent in all 3 survey years indicating a sizeable population of both listed species throughout the project area.

During 2004, 400 survey points within the 54,430 acre Coryell Creek catchment were established, 70 of which were also part of the LRRP survey in 2003. The surveys were on native rangeland and included primarily Low Stony Hill and Steep Adobe ecological sites. Golden-cheeked Warblers (GCWA) were detected at 129 points accounting for 32% of the total points surveyed. Over 50% of the Low Stony Hill sites were occupied by GCWA. These one-year survey results provide an estimate of 19,732 acres occupied by GCWA, or 36.2% of the entire Coryell Creek catchment. Black-capped Vireos (BCVI) were detected at 26 points, or 6.5% of the points surveyed and over 65% of the points were on Low Stony Hill sites. It is estimated that BCVI occupy 3,090 acres or 5.7% of the entire area.

Use of cost share and technical guidance within the project allowed access to private land for wildlife surveys. These survey results show that landowners in rural Texas are doing a good job managing their lands for wildlife.

The second research component of interest is the economics component. As part of the project design multiple sources of funding for cost share were made available to landowners in the project area. Sources of funding include National Fish and Wildlife Foundation grants (NFWF), Texas Parks and Wildlife Department Landowner Incentive Program, US Fish and Wildlife Service Private Stewardship Grants (FWS) and specially designated dollars within the NRCS EQIP. The project area was broken out into different sub-watersheds and the landowners within these sub-watersheds were enrolled in the project using the different funding sources. In certain sub-watersheds only NFWF dollars were made available, in others only FWS dollars and in 2 sub-watershed only EQIP dollars. In some sub-watersheds different combinations of options were made available to landowners.

Two series of landowner interviews were conducted in the project area. These were face to face interviews averaging 1 1/2 hours. One series of 30 interviews focused on land use and land cover. The second series involved approximately 60 landowners and focused on landowner characteristics.

Three broad categories of landowners were identified in the project area. These categories represent groups of landowners with similar ideas and values regarding land management and government involvement in natural resources. We refer to these groups, or profiles, using names that we have assigned to them that we feel embody the values each group represents; 1) "Born to the Land", 2) "Ag. Business", and 3) "Re-born to the Land".

Born to the Land

This group exhibits a very strong "connection" to the land. They speak of the generations that have farmed or ranched on the land they now own, and they speak of a strong sentimental attachment to that particular piece of geography. Agricultural production is a source of their livelihood, and though many of the landowners in this group recognize the potential value in a sophisticated wildlife operation, many are still not willing to make the sacrifices necessitated by such a transition. While, in many cases, they are struggling to survive, they are not willing to sacrifice their way of life for the additional income that capitalizing on wildlife enterprises would provide. Each of these landowners exhibited a strong sense of stewardship or responsibility for the land that was under their authority.

Ag. Business

This group of landowners seemed to be more "connected" to their "business" than they were to the piece(s) of geography upon which the operation was located. They were very maximum profit oriented - everything revolved around the bottom dollar. Agricultural production and wildlife enterprises were a source of pride and personal satisfaction for these people, rather than a source of their livelihood. Most of the respondents that were placed in this category came from successful business backgrounds and were now focused on creating a profitable agricultural business.

Re-Born to the Land

Our third group also exhibited a strong connection to the land. This group consisted mostly of individuals who, as with the previous group, had come from successful backgrounds, but unlike the "Ag. Business" group, their attention now is on recreation and getting back to their roots. Their focus is on the aesthetic and recreational value of their land, and they feel strongly that they have a responsibility to "take care of the land".

An aspect that should be of particular interest to agencies is that due to the admitted naivety and ignorance of the "Re-Born to the Land" group, it is of extreme importance that agencies reach them with sound management principles soon in their land management career. If this does not happen, it is likely that these landowners will seek knowledge in other arenas, and may be swayed in their thinking against sound resource management. The implications of this study for state and federal agencies with missions to educate and provide assistance to landowners and/or enhance the overall conservation of natural resources embodied in private lands can be summarized as follows:

> Focusing efforts to increase the awareness of available programs and services on The "Reborn to the Land" group of landowners will likely result in large increases in the number of landowner participants and/or clients. Securing participation of

large-tract landowners, and thus a larger portion of total acreage, will require focusing attention and providing services that facilitate the more economic land use goals of the traditional and business oriented landowners. Achieving over-all success will require providing a variety of programs, services and incentives due to the significant and increasing variation in goals and motivations of current-day private landowners.

Conclusion

The discovery of the 3 groups of Central Texas landowners and their respective ideals and motivations regarding management and program participation for natural resources could have significant impacts on future natural resource policy decisions. However, in the present, agency personnel can also take advantage of this knowledge by being attentive to easily recognizable demographic and property characteristics that will allow them to profile their clientele regarding their likelihood of participation in various available programs. Additionally, the mere approach agency personnel utilize to publicize particular programs could be made more effective by recognizing dominant profiles in a particular county or region of interest and promoting available programs in a way that will likely appeal to that audience.

It is important to note that while there are changes taking place in land ownership in Texas, "Born to the Land" owners still operate the largest portion of the land that we sampled, and therefore should not be discounted completely. However, in many parts of the state, where land is undergoing high rates of turnover, it is likely that "Reborn to the Land" and "Ag. Business" profile groups are and will continue to operate larger portions of the real estate. In regions where this is the case, attention should be paid to the influence the presence of these groups may have on the natural resources in their care. Subsequently, changes may be needed in the availability of particular types of programs in those areas, or at least in the way those programs are marketed to various landowners.

Leon River Restoration Project
Phase I
Texas A&M University Research
September 30, 2004

Executive Summary

Watershed: Rainfall simulator runs indicate decreased infiltration rates and increased sediment losses immediately following brush removal. The degree of these soil losses varied by soil and range condition. Infiltration rate were starting to recover to pretreatment conditions one year following treatment. Spring water discharge quality was considered good to excellent for the rangeland watersheds.

Spring discharge measurements indicate there is a potential for increased water yield by removing brush which would reduce water losses due to transpiration. There was a cyclic variation in flow during a 24 hour period. This variation appears to be related to soil water evaporation and transpiration by plants. *On one spring, the daily difference in discharge is about 0.035 feet (head) or equal to about 26,000 gallons per day or 9.6 million gallons per year. If the loss due to brush use is about half of this difference, then after brush removal there could be a net increase of about 5 million gallon per year.*

Wildlife: During 2004, 400 survey points within the 54,430 acre Coryell Creek catchment were established, 70 of which were also part of the LRRP survey in 2003. The surveys were on native rangeland and included primarily Low Stony Hill and Steep Adobe ecological sites. *Golden-cheeked Warblers (GCWA) were detected at 129 points accounting for 32% of the total points surveyed. Over 50% of the Low Stony Hill sites were occupied by GCWA. These one-year survey results provide an estimate of 19,732 acres occupied by GCWA, or 36.2% of the entire Coryell Creek catchment. Black-capped Vireos (BCVI) were detected at 26 points, or 6.5% of the points surveyed and over 65% of the points were on Low Stony Hill sites. It is estimated that BCVI occupy 3,090 acres of 5.7% of the entire area.*

While these are preliminary estimates, when compared with the 2003 surveys across the entire LRRP area, the same general patterns emerge with respect to occupancy by ecological site. However, the Coryell Creek catchment has over twice the concentration of GCWA as was found in 2003 across the entire LRRP area, likely due to the higher concentration of preferred ecological sites.

Remote Sensing: During 2004 work was conducted with the University of Texas Center for Space Research (UTCSR) to acquire LIDAR data for 24,710 contiguous acres in the Coryell Creek catchment. The UTSCR provided a digital elevation model and 3-dimensional records of the vegetation at 2m resolution. QuickBird Satellite imagery was also acquired at the same resolution. These data provided 225 times more resolution than conventional LandSat imagery.

The primary purpose of the 2004 work with imagery was to collect data on habitat occupancy by GCWA and BCVI along with related high-resolution remote sensing on habitat composition and structure. *The data are being used to refine models for predicting habitat occupancy that are being developed for the LRRP area. High-resolution remote sensing data was collected to explore the use of that technology in gaining more reliable estimates of juniper cover, the effects of juniper removal, and to explore the use of alternate technology for developing more reliable predictions of the influence of rangeland restoration practices on habitat changes for the 2 bird species of interest.*

Range: The range component was designed to provide a detailed evaluation of the current (pre-treatment) vegetation composition and condition for use as a baseline of comparison to changes that occur following reduction of Ashe juniper and application of post-treatment grazing and fire management plans. Vegetation samples were collected on transects (sample lines) to represent the major ecological sites in the watershed. Almost 20 miles of transects were evaluated across the watershed. The results indicate a high level of woody plant canopy across most sites. Ashe juniper was the most abundant woody species followed by shin oak, live oak and Spanish oak plus a variety of other shrubs and trees.

The most commonly occurring herbaceous vegetation, cedar sedge, a shade tolerant species, is an indicator of the heavy woody plant cover. Few late successional species were encountered; indicating very low range conditions scores determined by comparison to USDA NRCS Technical Guides. Overall the range condition was rated poor. These data indicate a great potential for increased herbage production following brush (primarily juniper) management.

Economics: Livestock production remains the top land use category on 89% of the acreage sampled in this study. Approximately half of the acreage is leased for hunting and the majority of the hunting lease income adds to income derived from livestock. About half of the landowners lease to outside parties.

The estimated annual enterprise value per acre of the properties that were sampled ranged from negative ($5.00) per acre to a high of $45.00 per acre, with an average of $16.00 per acre. This large variability of the values per acre is due to the different enterprises on the land, management practices of privately owned livestock herds, and varying land characteristics. Properties that lease for hunting in combination with privately owned livestock herds averaged slightly over twice the average value of those not leasing.

The average treatment cost per acre for a site that has been cleared, re-seeded, and composted is $264.00, while the average annual enterprise value of the land is only $16.00 per acre. The significant difference between treatment costs and the annual economic value of the land strongly supports the importance of government cost-share programs for removal and management of Ashe juniper and other practices on private properties.

Landowner Characteristics: Three categories of landowners were identified. One group, referred to as the "Born to the land" group, has a very strong connection to the land over generations that have farmed or ranched on the land they now own. A second group was identified as the "Ag. Business" group. These people were more connected to their business than they were to a piece of geography (land) upon which the operation was located. Most came from successful business backgrounds and they were interested first and foremost in the creation of a successful agricultural business. A third group was identified as the "Re-born to the land" group. This group, like the Ag. Business group, came from successful business background, but their attention is now more aesthetic and recreational and in getting "back to their roots."

The identification of the three groups and their respective ideals and motivations regarding management and participation in natural resource management programs could have significant impacts on future natural resource policy decisions. These data provide a basis for profiling of clients by agency personnel in order to be more effective in assessing the likelihood of participation in available programs.

While "Born to the land" owners still operate the largest portion of the land, "Reborn to the Land and "Ag. Business" are and will continue to operate larger portions of the real estate. Attention should be paid to the influence these groups have on natural resources in their care. Subsequently, changes may be needed in the availability of particular types of programs in those areas, or the way the programs are marketed to various landowners.

Transferability: An objective of Phase I of the LRRP project was to quantify important parameters in the watershed in a way that would facilitate transfer of information to locations with similar soils, topography and vegetation. *This is being accomplished in Phase I work by linking all the data gathered to ecological sites. Ecological sites are areas of the landscape with the capacity to produce similar kinds, amounts and proportions of vegetation and that will respond similarly to treatments. Ecological site descriptions will provide vegetation steady states, transitions between states and pathways to plant community changes. This information will be valuable to agencies, NGO and landowners in developing management plans for watersheds with ecological sites common to or significantly similar to the LRRP.*

The entire report can be found on the web at:
http://cnrit.tamu.edu/cgrm/lrrp/warning.htm

Testimony of Timothy D. Searchinger
Environmental Defense
Washington, DC

On Supporting Species Conservation Through the Farm Bill

before the

Subcommittee on Forestry, Conservation and Rural Revitalization

of the

U.S. Senate Committee on Agriculture, Nutrition and Forestry

Tuesday, July 26, 2005

Environmental Defense greatly appreciates the opportunity to present testimony to you regarding the use of agricultural conservation programs to assist farmers, ranchers and private forest owners to enhance wildlife habitat, particularly for at-risk species. I am Co-Director of the Center for Conservation Incentives at Environmental Defense. The goal of our center is to increase and improve incentives for stewardship of private land to address important conservation challenges, including those of threatened and endangered species. Through the work of our staff and through assistance to local organizations, we work directly with landowners on a variety of projects around the country to improve habitat for these species. We have also taken a close look at the detailed standards and procedures by which the federal conservation programs have operated, and we have a number of recommendations about how those programs could become more successful.

Our assessment is that agricultural conservation programs have contributed meaningfully to the restoration of habitat for rare and endangered species. Our assessment is also that the programs could do significantly more with appropriate adjustments to their operations. Priorities include the following:

- More vigorous efforts to enroll lands in the CRP that combine the right location, the right planting and the right management to benefit at-risk species. To take advantage of this opportunity, it is important that USDA only automatically reenroll the most valuable CRP acreage, while enhancing selection criteria for renewed enrollments.
- Rework EQIP selection criteria to separately rank different kinds of resources of concern, to rank wildlife proposals at the state-level where

there is appropriate biological expertise, to provide a higher cost-share payment for at-risk species proposals that do not provide economic returns to producers, and to encourage cooperative projects. More generally, USDA needs to embrace more vigorously EQIP's wildlife and forestry goals.

- Boost WHIP funding levels and give WHIP the authority to provide incentive payments, and make at-risk species a statutory priority.
- Reauthorize the Grassland Reserve Program, emphasizing easements on large, valuable chunks of rangeland to protect them from conversion to cropping.
- Increase conservation incentives funding available for family forest owners on whose land many rare and declining species depend. Protecting many species, particularly east of the Mississippi, require a dramatic increase in the resources available for forest landowners.

THE OPPORTUNITY

Federal agricultural conservation programs could play a dramatic role in aiding the survival and recovery of at-risk species. Agricultural land occupies roughly half of the continental United States, and agricultural landowners also own many of the forests and unused grasslands that occupy an additional 20% of the landscape. Given this scope, it is inevitable that agriculture will have impacts on wildlife habitat. But this scope also creates enormous potential to provide benefits to wildlife through the management of these lands, including rare species.

The opportunities range across the country. Most of this country's agricultural lands are in some form of grass production, particularly rangeland. The vast majority of these grasslands were grazed in some form well before Europeans brought cattle and sheep to this continent, which means that the great bulk of grassland wildlife is compatible with continued economic uses of these grasslands. While there are occasionally conflicts between the goals of maximizing forage and maximizing habitat, many ranchers are proving that profitable ranching and habitat management often can go hand in hand.

Intensively cropped lands tend to provide little wildlife habitat themselves, but even on farms with intensive cropland, there remain millions of acres of woodlots, pastures and wetlands that can provide habitat. Most of these lands could be enhanced to aid rare species.

In addition, no category of wildlife is more imperiled in the United States than those that live in freshwater. These species range from the much-admired salmon of the northwest and northeast, to dozens of less well-known freshwater mussels species in the Tennessee River basin, to a variety of birds that rely on aquatic habitat. Forest and agricultural landowners can enhance the habitat of these species through efforts ranging

from direct improvement of stream habitat, buffer zones, conserving more water for streams in some places, and even replacing stream culverts in farm and forest roads that now block fish movements.

Since the rise of the conservation movement in the United States in the late 19th century, incentives for private land stewardship stand out as the most underutilized tool in the country's conservation toolbox. Conservation efforts have focused primarily on public land acquisition and management, and private land regulation. The role of those tools remains critical. But as our technology and numbers have grown, people have asserted such control over the land that it is no longer possible to support the diverse wildlife that is America's national heritage simply through benign neglect. We have curtailed forces that shape habitat in ways critical to many species, from fire to floods, and invasive species threaten to wipe out many species unless subject to human control. According to Natural Heritage Program data, 80% of the populations of rare species are found on private land. Active, beneficial management of that land is now critical to their survival, and it will not occur without adequate incentives.

SUCCESSFUL CONSERVATION PROJECTS

Agricultural conservation programs have started to contribute meaningfully to the enhancement of habitat for rare species. Many observers are undoubtedly surprised to discover how willing landowners are to make their lands available for these efforts. But rarely do these activities provide any financial return to landowners, and that is why financial incentives are critical. We provide five very different examples that show what farm programs can accomplish.

Bog Turtles in the Northeast

Bog turtles are four inch long, mud-loving turtles found in small sunny wetlands scattered on farmland or former farmland from Georgia to Massachusetts. They are threatened in part because many of those areas are no longer in farming. The grazing that used to maintain diverse wetlands dominated by grasses, sedges and wildflowers no longer occurs. Without grazing or some alternative management, invasive plants and trees invade the wetlands, and shade out any ground where turtles could nest. To maintain these habitats, landowners need to have incentives to remove these plants, and then periodically let loose some grazing animals to keep the invading plants out. Goats turn out to be particularly effective.

Beginning about 5 years ago under the leadership of NRCS state biologist Tim Dunne, New Jersey made bog turtles as a statewide priority for the Wildlife Habitat Incentive Program (WHIP). Since then, NRCS in New Jersey has restored over 35 wetlands including many of the most important wetlands for the turtle's recovery in the state. Mike Townsend, state biologist for New York has initiated a similar effort using the Wetland Reserve Program to restore and protect bog turtle wetlands in the Hudson

River Valley, and has so far restored 6 separate wetland areas. In eastern Pennsylvania, Barry Isaacs of NRCS is using both EQIP and WHIP funding, working in cooperation with land trusts and watershed conservancies to restore wetlands on working farms. And in North Carolina, under the leadership of state biologist Matt Flint and national wetland biologist Hank Henry, they have created a detailed habitat management handbook which provides enough information to guide any technical service provider interested in restoring habitat and hydrology.

Experience has shown that farmers are receptive to these programs. Greg Wilson, a corn farmer and nursery operator in Maryland has worked with both NRCS and the Partners for Fish and Wildlife Program of the U.S. Fish & Wildlife Service, to restore 5 acres of degraded wetland. He has learned to be even better than agency biologists at spotting turtles on his land and is now himself helping with efforts to radio-track the turtles to learn more about their movements.

Arctic Grayling in Montana

The Big Hole River watershed in southwest Montana is the site of an innovative effort to keep a rare fish from becoming listed as endangered. The Big Hole River supports the last viable riverine population of Arctic grayling in the lower 48 states and what happens on private land will determine whether the species gets listed or not. In 2004, NRCS provided $800,000 in incentives funding through EQIP to pay ranchers to leave more water in rivers and streams in June and July and to build off-stream water storage tanks. In 2005, NRCS is providing another $500,000 from EQIP to install diversion dams that allow fish passage, to fence riparian areas, and to continue to improve water supplies for fish. In 2004, 15,000 acres of land were not irrigated as a result of the program, which significantly increased water flows in the Big Hole River.

Golden-cheeked Warbler and Black-Capped Vireo in Texas

USDA funds are now contributing to the Leon River Restoration Project in Texas, which combines removal of Ashe juniper to improve water production, with preservation and treatment of shrub communities that support the federally protected black-capped vireo and golden-checked warbler. Treatment in this case means removal of overly dense trees and shrubs, planting of appropriate vegetation, occasional use of fire, and control of cow birds. Many of these ranches have existing warbler habitat, and the project has the potential to create a continuous line of participating ranches that will all provide such habitat. The Central Texas Cattlemen's Association has led the project's efforts under the leadership of Steve Manning, who is testifying today, and we greatly applaud his efforts and those of his group.

Prairie Dogs in Utah:

The Utah prairie dog has been listed by the Endangered Species Act since 1973. Almost three-fourths of the remaining Utah prairie dogs live on private property, and without efforts to protect and enhance these populations, it will be difficult if not impossible to recover the species. Unfortunately, real and perceived impacts of prairie dogs on agricultural operations have led many landowners to consider prairie dogs to be pests, and with help from government agencies, they have dramatically reduced prairie dog populations on much of the western range. Land development, deteriorating rangeland health, the encroachment of woody vegetation, plague and drought are currently significant threats to the Utah prairie dogs. Fortunately, often what is good for prairie dogs is also good for ranchers. Utah prairie dogs will benefit from management actions that reduce shrubs, increase grasses, and manage grazing patterns over time in ways that sustain healthy rangeland.

This year, NRCS in the State of Utah set aside one million dollars of EQIP funding at the state level to support projects that enhance and protect habitat for at-risk species. One of the projects receiving funding will benefit Utah prairie dogs by reducing shrubs, increasing grasses and instituting a prescribed grazing plan on a pasture suitable as habitat for the species. The landowner will sign a Safe Harbor Agreement with the Fish and Wildlife Service to cover this work to provide assurances that he won't face additional land use restrictions associated with the use of his land by a listed species. Other landowners in southern Utah have received Department of Interior funding and Safe Harbor agreements to support habitat improvements on grazing land, but we expect landowner interest in this type of project to increase dramatically, with the availability of EQIP funding for priority projects.

Southern Longleaf Pine Forests:

Longleaf pine forests once covered 60-90 million acres of the Southern coastal plain from Southeastern Virginia through Florida and west to East Texas. Today longleaf covers only 3 million acres. Over the last seven years, the Conservation Reserve Program has helped bolster a resurgence of longleaf pine by restoring over 200,000 acres of forest. WHIP is also playing an important role in restoration efforts in some states. In North Carolina, for example, WHIP funding is being used in conjunction with Safe Harbor agreements to restore habitat for the endangered red-cockaded woodpecker in the Sandhills region through construction of artificial nest cavities, use of prescribed fire, and other management activities.

RECOMMENDED PROGRAM IMPROVEMENTS

While farm programs have done much to improve endangered habitat for at-risk species, there are many opportunities to improve their performance.

Conservation Reserve Program-CRP

The CRP is, of course, USDA's largest agricultural conservation program, with a budget of roughly $2 billion per year, and a reach of roughly a tenth of the country's cropland. Along with its well-known benefits to ducks and pheasants, biologists attribute significant benefits from the program to a range of grassland bird species. Grassland bird species are the most rapidly declining group of bird species in the United States, and without CRP, species such as Henslow's sparrow and the eastern meadowlark would be far rarer today.

Despite its achievements, CRP could do significantly more to benefit at-risk species and the environment generally. Environmental Defense has developed a joint position on key reforms to CRP with the American Farm Bureau and the Nature Conservancy. We have three basic concerns.

First, the selection criteria for most CRP lands have emphasized balancing the different goals of CRP on each parcel of land: soil erosion, wildlife, water quality and more recently air quality. The result too often is enrollments that modestly accomplish each goal but are not necessary to accomplish any. While the program as a whole should attempt to achieve all of the statutory goals, it can accomplish more for each by enrolling lands critical to each purpose even if those enrollments are less significant for other purposes. In the case of at-risk species, for example, it makes sense to enroll lands that can contribute critical wildlife habitat regardless of whether they are erodible or contribute to water quality goals – and it similarly makes sense to enroll the most critical lands for water quality and soil erosion purposes even if their wildlife benefits are modest.

Second, CRP selection criteria have for the most part ignored the role of location, focusing instead of inherent erodibility or the cover to be planted on the land. But no factor is more important than location in determining the benefit of potential CRP lands, not just to wildlife, but also to water and air quality. Location includes both the part of the country and the parcel's position in relation to other kinds of land. Land is not going to provide habitat to endangered species unless those species are likely to use it, which depends on whether there are populations of the species nearby and whether other kinds of habitat are available. CRP can contribute more in the future by factoring location into the calculation of which lands to enroll.

Third, the CRP program has provided insufficient incentives for land management. There is no good assessment of CRP land as a whole, but from discussions with state wildlife officials in states with large CRP enrollments, Environmental Defense has developed the impression that a majority of all CRP lands have serious problems today. Many are overrun by invasive grasses. Some have become overly dense and rank.

We recommend many specific program improvements to address these limitations, but emphasize three specific efforts to benefit at-risk species.

One, USDA should not grant automatic re-enrollments for all existing CRP lands, or for all lands if they agree to upgrade their plant covers. Instead, only the most valuable lands should be automatically enrolled, if any are at all. Environmental Defense also recommends a series of staggered extensions from one to five years to even out the large re-enrollments now expected in 2007 and 2008.

Two, USDA should create targeted opportunities for continuously enrolling lands in locations and under conditions that would benefit at-risk species. USDA's special enrollment for bobwhite quail provides a good example. We believe USDA could create a series of continuous enrollments of 100,000 to 300,000 acres to benefit specific species. For example, several landowners in Southeastern Texas are willing to enroll land in thorn scrub in areas that could provide critical habitat for the endangered ocelot—a beautiful native cat. Even 5,000 to 10,000 of CRP lands in this area could provide significant habitat benefits. CRP lands could be enrolled around valuable sagebrush habitats used by sage grouse, which is at risk of enrollment. Enrollments restoring shortgrass prairie grass in parts of eastern Colorado could provide great benefits for the mountain plover. And enrollments of longleaf pine species in parts of the Southeast could benefit a number of rare species such as the gopher tortoise. Even 2 to 3 million acres of CRP enrolled in this manner could have enormous benefits. FSA should invite states or groups of states to submit proposals for such enrollments, mapping the areas appropriate for enrollment, and describing the kinds of plantings and management needed to produce valuable habitat.

Three, USDA should prohibit inappropriate plantings. Some CRP enrollments actually harm rare species. These include plantings of trees in prairie areas, which breaks up the prairie landscape and causes what is known as fragmentation of the habitat. Many grassland birds such as the greater prairie chicken, Henslow's sparrow, bobolinks, and meadowlarks are sensitive to the size of the grassland and will not choose nest sites in small fragmented grasslands. In such habitats, they have learned, small mammals and bird predators can easily search out and destroy nests. Some birds will avoid prairie habitats that have even a few trees in them. Unfortunately, USDA has no policy in place to avoid inappropriate vegetation. Indeed, USDA has a general policy to favor trees – which is reasonable in most places – but which applies everywhere. In some places, grassland biologists have spent government funds to remove woody hedgerows and trees that have encroached on the prairie, only to find that a next-door landowner has planted trees as part of a CRP contract.

We recommend that USDA also stop enrolling loblolly pine tree plantations, which cover more than one million acres of CRP lands in the Southeast. These dense pine plantations allow little light to penetrate to the forest floor and provide minimal wildlife habitat. While these kinds of enrollments once made sense to landowners economically, CRP has helped lead to a saturated pulpwood market that has driven down prices and hurt private forest owners. Economic studies have shown that planting longleaf pine trees and more diverse

hardwoods provide reasonable alternatives. Longleaf pine trees do not grow densely together, allowing light to penetrate and promote grasses that are valuable to game and rare wildlife alike. With controlled burns, those areas can provide habitat for a number of at-risk species.

Environmental Quality Incentives Program-EQIP

In the last Farm Bill, Congress made wildlife one of the goals of the EQIP program, and USDA responded at the national level by making at-risk species a national conservation priority. The statute gives EQIP the authority to fund almost any kind of private land management practice that could enhance habitat on a farm, ranch or private non-industrial forest. But only six tenths of one percent of EQIP dollars have flowed to specific wildlife practices, and only a portion of that has been for at-risk species. There are a number of reasons for this limitation, but Environmental Defense believes a number of common sense improvements could make EQIP a far more successful tool.

Revise EQIP Ranking Criteria. EQIP ranking criteria have discouraged good wildlife proposals through mechanical problems. Each state, and often, each county work group, has developed its own ranking criteria. Although these ranking criteria are quite different, most group all possible resource concerns into one index. Thus, proposals to build manure management facilities, to control soil erosion, to remove weeds, and to enhance wildlife are all ranked on one sheet. Since manure management is a greater emphasis than wildlife virtually everywhere, manure management proposals outscore wildlife. However, wildlife and other concerns remain on the same sheet. Aproducer seeking a manure management facility to beat out anothermay propose a minor wildlife practice, such as a food plot or a small wetland, to add a few points to her index. The result is that some dollars are devoted to wildlife, but for insignificant proposals that are not the best use of program dollars.

In addition, states and local work groups naturally seek to limit the length of ranking sheets. Once they list all the different kinds of resource issues on one sheet, the sheet has become pretty long, so the criteria for any one resource concern tend to be oversimplified. Thus, on some sheets, any and all wildlife proposals may receive the same number of points. These ranking sheets fail to reward better proposals to address at-risk species despite the national wildlife priority, expressed both in regulations and in the statutory instruction to prioritize contracts that address potential or existing regulatory concerns.

A preferable alternative is for each state or county work group to decide up-front how much money each resource concern should receive. Within this pot, a ranking sheet just for different kinds of proposals can identify the best proposals. Obviously, more funds will continue to flow to top priorities like manure management. But with such a system, those funds that are devoted to wildlife can then be ranked reasonably. Last year, a number of major producer organizations signed a joint letter to USDA

recommending this alternative approach to ranking criteria because it would make EQIP more effective in addressing all concerns. A copy of this letter is attached.

We are happy to report that NRCS is working to correct these problems by providing a model ranking system template to states. States will be able to change those templates as appropriate, and to continue to select their own conservation priorities. But the template should help states craft ranking criteria that better meet their own goals.

Rank wildlife proposals at the state level. Since the last Farm Bill, most states have allocated funds to the county level and thereby delegated most or all decision-making to that level. However this system works generally, it has not worked well for wildlife proposals because few district offices have biological expertise. This presents a particular challenge since professional expertise is critical to distinguishing any technical proposal from another, wildlife included. There is no way to determine which proposals are more likely to benefit sage grouse or Utah prairie dogs without a biologist who understands grassland ecosystems.

For this reason, we recommend that states rank wildlife proposals at the state level, where state and federal wildlife agencies typically contribute personnel who can assist in such efforts. To do so, states need to assign a certain level of funding up-frront to wildlife. They should then prioritize funds to benefit at-risk species.

Provide incentive payments or higher cost-share payments: The EQIP statute provides that land management practices can receive up to 100% of the cost-share. NRCS may also provide incentive payments. But as an administrative practice, the national office of NRCS has strongly encouraged states to hold down cost-share rates. For example, state offices that hold down cost-share rates are more likely to receive bonus funding awards. As a whole, Environmental Defense agrees with this effort, which reflects basic economic theory. Since producers are willing to engage in many conservation measures at 50% cost-share, it makes sense to spread EQIP funds around.

But producers are typically only willing to accept such low cost-share payments for those conservation practices that also contribute to their bottom lines. Well-run manure management facilities or improved irrigation equipment provide real economic returns. Other measures provide little or no economic benefit, and fewer producers are willingor able to subsidize them on their own. When landowners are willing to enhance their habitat for endangered species, they are already dedicating their land to this valuable use. It seems a bit much to ask many of them to subsidize the cost. Higher cost-share rates, including 100% cost-share and even modest incentive payments, are often appropriate in these circumstances. And limited cost-share rates explain why some states that have set money aside for wildlife have not fully utilized those funds.

Let me give you one example. There is a coordinated effort by producers, conservationists and state government in down east Maine to improve stream habitat to

save the Atlantic salmon. A basic and extremely helpful measure involves improving farm road-crossings which presently have so-called hanging culverts—culverts that are raised above the stream below them so that salmon cannot pass. Landowners have no economic reason to replace these culverts on their own, and requiringthem to pay half of the costs is not going to get the job done.

Coordinated projects and proper technical assistance: Solving endangered species problems, like solving many other problems, often requires coordinated efforts among multiple landowners. That in turn requires that NRCS be proactive and not merely wait to see which producers walk through the door. Wildlife goals also require a little more outreach because agricultural producers tend to know less about wildlife management practices than production practices. District conservationists who deliver these programs tend to have less knowledge of these wildlife issues than they do of such traditional focuses of NRCS as soil erosion. Thus, the standard approach to EQIP of responding to landowner interest does not encourage wildlife enhancement.

And even when landowners are interested, there is a great shortage of technical assistance to deliver these wildlife measures. That shortage is also related to the passive approach to applying EQIP. All around the country, Environmental Defense staff continuously hear complaints from producers and conservationists alike that NRCS staff have become consumed with the sheer paperwork of delivering financial assistance programs. They are not to blame. Their financial assistance programs have increased seven-fold, while staffing levels have grown only modestly. Following Congressional encouragement, USDA has intended to rely on independent Technical Service Providers, but this approach so far has been less successful than it could be because of a classic chicken and egg problem. Those private and nonprofit organizations that might provide technical assistance are unable to staff-up to do so unless they know those staff can obtain a certain level of work. A producer group, soil and water conservation district or conservation group interested in providing technical assistance to benefit an at-risk species would need to have a guaranteed level of work to engage appropriate staff. And in reality, producers thinking about a practice need to be able to receive a level of technical assistance before they sign-up for a practice, not merely after. Only in rare circumstances is the support infrastructure available for wildlife practices unless NRCS works ahead of time to support it.

As a practical matter, the best way to encourage valued wildlife practices – and almost any conservation practice that it not already well-known – is for NRCS to announce an intent to fund a certain level of such practices and to contract with an appropriate organization to work with landowners and provide the technical assistance. That allows supporting organizations to identify and coordinate landowners interested in participating. For this reason, the best way to do deliver EQIP for wildlife is for NRCS to develop special projects that target some level of EQIP funds at particular species for particular kinds of habitat improvement. Texas and Utah are among the states that have

done so. More of these kinds of efforts will be critical if EQIP is to do its proper share in enhancing rare wildlife habitat.

Overall emphasis: At root, EQIP has not achieved wildlife goals because NRCS has been reluctant to embrace wildlife as a true goal of the EQIP program. Some officials seem to believe that wildlife proposals are for hobby farmers and ranchers. And it is true that low cost-share rates for wildlife practices limit the kinds of factors who can participate. But our experience has shown that with proper incentives, many full-time producers are happy to participate in these efforts, and in doing so, they provide benefits to the public and to the rest of the agricultural community by avoiding endangered species conflicts down the road. Senators and Congressman can help simply by encouraging NRCS to take this part of its mission as seriously as any other by establishing program goals.

Wildlife Habitat Incentive Program-WHIP

Dollar for dollar, the Wildlife Habitat Incentives Program (WHIP) has done more to enhance habitat for at-risk species than any other program. Its most significant limitation is that it is underfunded. In fiscal year 2004 only $27.83 million were available to allocate among the 50 states, the Pacific Basin, and Puerto Rico. In fiscal year 2005, $33.05 million were allocated. Low funding limits the program's ability to provide strong conservation incentives and limits the technical support staff available to landowners.

A significant portion of WHIP funds has flowed to projects to help endangered and threatened species. In fiscal year 2004, the national NRCS dedicated $3.5 million of WHIP contract funds to salmon conservation. In fiscal year 2005, NRCS has devoted $1 million to the greater sage grouse, with money targeted for contracts in 11 states in the Northwest. A further $1 million will go towards long-term land-preservation contracts for interested farmers in the Big Woods of northeast Arkansas to create ivory-billed woodpecker habitat, and another $2.5 million to salmon restoration. State committees have also assigned funds to threatened and endangered species, including $2.8 million in 2004. To the extent we can discern, NRCS devotes an even higher percentage of WHIP funds to state-listed species.

Ken Powell, a Wisconsin dairy farmer, exemplifies the many producers who have shown astrong interest in the WHIP program. Mr. Powell owns a fine 12-acre prairie remnant near Barneveld, Wisconsin. It has about 100 native prairie and savanna species, including the federally threatened prairie bush clover and four other rare species. A member of a group called the Prairie Enthusiasts brought Ken's attention to the significance of his prairie, and offered guidance in managing it. Invasive trees and shrubs had moved into the prairie. Biologists knew there were regal fritillary butterflies half a mile away on Nature Conservancy property, but that the invading brush on Ken's prairie had kept them away. Regal fritillaries are a species of special federal concern and need wide open spaces full of flowers. They were once common in Wisconsin, but their range

has dramatically shrunk as habitat disappeared. Wisconsin only has them in a handful of places now. Funding from WHIP went toward hiring a local contractor to remove the brush, and to mow down invasive weeds (knapweed, sweet clover, and poison parsnip). The regal fritillaries arrived on Ken's prairie almost immediately. Mr. Powell is now in the process of putting a conservation easement on his whole farm because he wants it to stay open when he's gone.

The WHIP program needs a few things to make it even more effective. Most of all, it needs more funding. Second, Congress should give NRCS the authority to provide 100% cost-share and even incentive payments for projects that provide exceptional habitat for at-risk species. Finally, Congress should explicitly establish at-risk species as the program's priority.

Grassland Reserve Program-GRP

The Grassland Reserve Program is a program that has enormous potential to benefit threatened and endangered species because well-managed grasslands inherently provide valuable habitat. The nation's grasslands are now somewhat under siege. Commodity programs have tilted the playing field and, along with more drought-tolerant corn and soybean varieties, they encourage landowners to plow up native prairies. Meanwhile, exploding urban areas radiate outward and transform once vast ranches into ranchettes.

The Grassland Reserve Program as championed by Senator Crapo and as passed by the Senate during the last Farm Bill could have contributed in huge ways to preserving those valuable ranches that provide exceptional habitat for at-risk species. As ultimately enacted and carried out, however, the program has two major limitations.

First, while the Senate enacted a program to purchase two million acres of easements, the ultimate program that emerged from conference limited easements to a small percentage. Most of the program is therefore devoted to ten-year contracts, which are not an effective mechanism for protecting grasslands from conversion. They simply mean that conversion activities are directed elsewhere for ten years, but the pressures return fully after this period. Contracts, if properly shaped, could encourage useful management activities, but they have no real preservation value. In the next Farm Bill, we believe Congress should return to placing the primary emphasis on permanent easements.

Second, too much of the focus of the program has been on protecting grasslands from urban conversion. We believe that should be the focus of the Farm and Ranchland Protection Program. Rangeland also faces heavy pressures for conversion to cropland. The best use of federal dollars is to focus the program on preserving large contiguous stretches of rangeland that can serve as working ranches and valuable wildlife habitat. In

some places, the program could contribute significantly to restoring remnants of prairie that now exist in only modest form.

Conservation Security Program-CSP

In the long run, Environmental Defense believes that the Conservation Security Program can play a significant role in rewarding producers for providing valuable habitat for at-risk species. The philosophy of CSP is to reward the best and encourage the rest. To do so, it is important that CSP develop robust standards for measuring a farm's contribution to wildlife. Environmental Defense has concerns about how wildlife has been factored into CSP so far, and we will provide the Committee with a copy of a report we prepared about CSP and wildlife in the first CSP sign-up.

Healthy Forest Reserve Program

A highly promising program for endangered wildlife is the Healthy Forest Reserve Program, targeted specifically at endangered wildlife. Unfortunately, this program has not received funding since its authorization. We strongly recommend funding for this program, and the Committee should seriously consider providing it with some level of funds from the Commodity Credit Corporation in the next farm bill. As noted previously, family forest owners receive very little funding through Farm Bill conservation programs though their lands provide a host of critical ecosystem services such as habitat, clean water, and clean air. Increasing funding for HFRP is a good first step to rectifying this problem though Congress should look to better integrating forests into other Farm Bill programs as well.

CONCLUSION

We believe that a large number of the country's landowners would be interested in managing a portion of their lands to provide habitat for rare species if given the right assistance. Many landowners have taken advantage of Safe Harbor agreements to enhance habitat while receiving assurances that doing so will not lead to greater regulation. Helping agricultural producers and forest landowners to provide this habitat should be an important goal of USDA conservation programs. With modest changes, USDA conservation programs could do much to realize that goal.

Statement of J. Kent Foster, Executive Director

Idaho Association of Soil Conservation Districts

Regarding How Farm Bill Programs Can Better Support Species Conservation

Presented to the

Forestry, Conservation and Rural Revitalization Subcommittee

Agriculture, Nutrition and Forestry Committee

Tuesday, July 26, 2005, 10:00 a.m.

Room 328-A Russell Building

I am the Executive Director for the Idaho Association of Soil Conservation Districts (IASCD) serving a Board of six Directors representing Idaho's 51 conservation districts.

First of all I would like to thank Senator Crapo and the subcommittee for allowing us the opportunity to testify before you here today. Secondly, I want to thank Senator Crapo personally for his past efforts in assisting Idaho on both the Salmon and Sage Grouse Initiatives through the USDA Natural Resources Conservation Service (NRCS).

The IASCD was founded in 1944 and is a private non-profit corporation having IRS 501©3 tax status. It is an association comprised of Idaho's 51 conservation districts, providing them with information and educational opportunities, technical and financial assistance, and assisting them to accomplish collectively what they are unable to achieve individually.

Today, Idaho's core conservation partnership is strong and consists of the USDA-NRCS, Idaho Soil Conservation Commission (ISCC), IASCD, and our 51 conservation districts. Our mission is to work with those land users that utilize Idaho's private agricultural working lands. Our overall goal is to assist private land users conserve and protect their natural resources (soil, water, air, plant, and animal/wildlife). As we work to achieve this goal, we must not forget that humans are also a vital part of the equation.

Idaho's partnership consists of approximately 300 employees who are dedicated in assisting private land users implement quality conservation practices or best management practices (BMPs) on the ground. We have been doing this task since 1940 when Idaho's first conservation districts were formed. For over 65 years, Idaho's conservation partnership has been cooperating to assist private land users conserve and protect their natural resources. Much has been accomplished during this period, however, there is much more to be done.

In 1995, several environmental groups sued EPA for accepting Idaho's 303d list of water quality impaired water bodies for not being inclusive enough. The court agreed with these groups and ordered Idaho to develop a new 303d list. Idaho's new 303d list contained some 962 water bodies (mainly stream segments). The court gave Idaho eight years to develop total maximum daily loads (TMDL) covering the 962 impaired water bodies. The schedule started in 1997 and was to be completed by 2005. It was later moved back two years so the new completion date is

now December 2007. The TMDL issue is a state responsibility and not a federal one. Idaho's core conservation partnership continues to be challenged to meet the court ordered schedule.

TMDL implementation plans are developed to determine what conservation practices must be implemented to meet the water quality standard that will fully support a given water body's designated beneficial use. By Idaho law, the Idaho Department of Environmental Quality (IDEQ) is responsible to oversee development of all TMDLs. Under Idaho Code, the ISCC through conservation districts is responsible to develop TDML implementation plans for those TMDLs having an agriculture and/or grazing component.

The NRCS is being stressed to handle the mandated 2002 Farm Bill responsibilities while the other partners are dealing with the court ordered TMDL schedule. With some help from the Idaho Legislature and leveraging funds through the partnership, we have been able to meet the TMDL challenge and make a valiant effort in keeping up with all the Farm Bill programs and activities. I bring this up in this context because through the partnership we use NRCS Standards and Specifications and Farm Bill programs to holistically accomplish both Farm Bill and ESA needs. If we holistically address TMDLs we know we will most likely meet ESA needs in appropriate areas and vise/versa.

Geographically, Idaho houses several upper reaches of tributaries to the Columbia River drainage and is in the center of the anadromous fish controversy. The Salmon, and Clearwater Rivers drain into the Snake River in Idaho. The Snake River leaves Idaho and drains into the Columbia River at the Tri Cities in Washington State. Considerable pressure has been placed on the State of Idaho to improve habitat conditions for anadromous fish. As a result, Idaho took a proactive approach and in 1992 Idaho's Governor assigned the Idaho Soil Conservation Commission leadership for establishing the Lemhi Model Watershed. The Lemhi Model Watershed brought together local, state, and federal agencies, and local stakeholders to address the anadromous fish habitat issues. This effort has been very successful and is currently utilizing USDA Farm Bill, state and federal cost share programs to assist local land users implement planned fish habitat improvements. The Lemhi project is currently called the Upper Salmon Basin Watershed Project (USBWP). In 1996, patterned after the USBWP, the Idaho Soil Conservation Commission also established the Clearwater Focus Watershed Project. This project has similar objectives as the USBWP, but is confined to the Clearwater Basin.

Whether we're engaged with Farm Bill or TMDL activities, our efforts generally center around two main purposes. Those purposes are water quality and/or habitat issues related to anadromous fish and wildlife. As we assist land users implement their conservation plans, the conservation practices or BMPs installed almost always have multiple benefits. Example, implementing a plan to improve a riparian area may require limiting livestock access to the stream to reduce streambank erosion. Livestock exclusion not only reduces streambank erosion, but also generally has a positive impact on improving habitat for fish, waterfowl, upland game species, water quality, and water quantity.

For the past six years Idaho has been experiencing a drought. The majority of Idaho's cropland (approximately 4,500,000 acres) is irrigated and heavily dependent on the winter snow pack and spring runoff to fill our reservoirs and meet irrigation demands. The drought along with an

annual flow augmentation of some 427,000 acre feet for salmon migration from the Snake River system is causing a lot of stress on our irrigated producers in meeting both their surface and ground water needs.

When the ESA is mentioned, many questions seem to come to mind. Is the Act really protecting plants, fish, and animals/wildlife? Are any species being de-listed? Is the Act fair? Does the Act threaten private property rights? Does the Act add regulatory red tape with little results? These are all good questions and need to be answered to make the Act acceptable and effective by all involved stakeholders.

In 1973, with the stroke of his pen, President Nixon brought the Act to life. The United States Supreme Court would later call the ESA "the most comprehensive legislation for the preservation of endangered species ever enacted by any nation." It was assumed by most politicians and conservationists included, that the cost to save these species and protect their habitat would be "minimal." Now after more than 30 years, many Americans have been left to meet bitter conflict, lost property rights, and costly, seemly endless litigation.

The ESA is driven by the listing process. However, listing alone doesn't do any good for the species and it certainly doesn't do any good for the states and the land users. In 30 years, more than 1,200 species have been listed. How successful has the Act been? In this 30 year period, some 30 plus species have been de-listed. Seven were removed because they went extinct. Thirteen more were removed because of "data error." Eleven species recovered essentially on their own in response to controls on actions adversely affecting them (DDT). Three others recovered through concerted effort, one of which was the peregrine falcon which hinged on the work of a private group based in Boise, Idaho.

The ESA is one of our country's most powerful environmental laws. An ESA law is needed in order to provide a means to protect ecosystems which serve as habitat for threatened and endangered species. A comprehensive, incentive and science-based approach to species conservation and protection, emphasizing ecosystem management, will help ensure habitat protection for all plant and animal species and minimize the need to list additional species. We believe the ESA is a two-edged sword. Farm Bill programs for 2007 need to support appropriate species conservation issues. At the same time, the ESA is in need of revision to make some of the Farm Bill provisions more participant friendly. Changes envisioned for the 2007 Farm Bill will be less effective than anticipated without revisions to the ESA.

We believe it is now time to revise the ESA recognizing not only biological and environmental impacts, but respect for private property rights and the social and economic values of private enterprise as exemplified in the past and present Farm Bills. Idaho's conservation districts are in agreement with the National Association's of Conservation Districts (NACD) recommendations for ESA revisions developed in April 2005. Our high priority concerns are:

1. Streamline the ESA Section 7 consultation process utilizing some type of Programmatic Biological Assessment (BA).
2. Focus on species recovery by improving ecosystem health, rather than single species listing.
3. Those requesting threatened or endangered species designation should be held

responsible for costs incurred if a listing is determined to be unwarranted.

4. Seek scientific consensus and non-governmental, non bias peer review prior to any species listing.
5. Disallow the use of taxpayer funds by non-government entities to sue the state and federal government.
6. Revise the "taking" definition to protect local, state, and private property rights.
7. Provide for "safe harbor" provisions to encourage land users to manage their lands in a more "endangered species friendly" manner.
8. The ESA fails to recognize the need for balancing environmental interests with social and economic realities.

We can now get down to the main purpose of the hearing. How can we design new 2007 Farm Bill programs to better support species conservation? This is a very good and important question that needs to be answered.

As discussed earlier, Idaho's conservation partnership is deeply committed to completing the state's TMDL responsibilities, which address ESA issues utilizing Farm Bill programs such as EQIP etc. The NRCS is deeply committed in carrying out their responsibilities related to the Farm Bill. Conservation districts are committed to completing both. As a partnership we are finding ways to address both issues to the best of our ability. All of us are committed to meeting ESA needs.

The 2002 Farm Bill provided substantial increases in financial assistance for all conservation programs. However, financial assistance is only one side of the equation for getting high quality conservation on the land. The other element is technical assistance. While cost-share and other financial assistance programs help offset the economic costs or provide incentives to implement conservation on the land, it is the technical assistance that is key to getting programs implemented and conservation applied to the landscape in a timely manner. It is technical assistance that is necessary to design sound conservation practices and systems. Technical assistance is that personal, technical advise, from conservation experts in the field, supported by sound technology, that has been the foundation of locally led conservation. In many cases, land users may not require financial assistance, but must have high quality technical assistance in order to adequately apply their conservation practices on the land.

Without adequate technical assistance, the available financial assistance can not be effectively utilized. As I mentioned earlier in our statement, the work we do for water quality or Farm Bill activities almost always benefits fish and wildlife resources and their habitat.

In order for Idaho to properly carry out our commitments and better support species conservation, we feel the 2007 Farm Bill needs to consider the following:

1. A national programmatic Biological Assessment (BA) needs to be developed if it is workable and attainable. It may be more realistic to develop programmatic BA on a regional or ecosystem area basis. Currently any conservation practices to be installed within a salmon watershed must have consultation with NOAA Fisheries or the U.S. Fish and Wildlife Service (USFWS). The consultation process can take up to several months. In these cases the construction window is often missed and projects often

delayed until the next year's construction season. The consultation process can be very repetitive. Writing individual BAs is very time consuming. How many repetitive BAs have to be written before some changes in the process is warranted? I've been told that Idaho has never had a BA disapproved by the USFWS or NOAA Fisheries.

2. The Healthy Forest Reserve Initiative needs to be passed by the House and funded. The "Safe Harbor" provision needs to stay intact through the committee process. This provision will encourage land users to "do the right thing" in addressing their natural resources and species conservation issues.
3. There are too many identified species of concern for Farm Bill programs to realistically and effectively address. Available funding should focus on endangered, threatened, candidate, and proposed species for listing. We have neither the man power or financial resources to address all the species of concern. We need to be realistic in our approach and engage those species where improvements can likely be made.
4. We need to change our mind set and direction to address declining habitats and ecosystems not animal species. It is considerably more practical to improve declining habitats and ecosystems, but very difficult to address individual species.
5. Incentives are needed to protect or enhance existing declining habitats versus habitat restoration. The cost of restoration is typically much more expensive than the protection or enhancement of existing declining habitat.
6. More technical assistance funds are needed to develop adequate and effective conservation plans. Species issues are not resolved easily. Its not like designing a sprinkler system to replace a surface irrigation system to accomplish water conservation benefits. Species issues are generally very complex and usually require input from a team of interdisciplinary experts to resolve the resource issue. Multiple interagency input (IDFG, NOAA, and USFWS) is often required.
7. Farm Bill programs could better support species conservation if they were habitat or ecosystem driven and not species driven. An example might be a Shrub Steppe habitat utilized by Sage Grouse. If we concentrated on improving the Shrub Steppe habitat we would most likely improve the habitat for the Sage Grouse and several other species common to the area. Sage grouse could be used as an indicator species for habitat health.
8. Farm Bill program technical assistance support needs to come from each individual Farm Bill program so they are pulling their own weight.
9. More technical assistance funding is needed to implement the Farm Bill programs. Since there is little chance in receiving any substantial increase in technical assistance funding, we need to utilize our field staff more effectively. We need to empower them to make more decisions in the field and cut the red tape where possible so they can make more efficient use of their time. If acted on, some of the items mentioned above would help streamline the system and reduce stress on our field staff.

Webster defines an environmentalist as "one concerned about the quality of the human environment" or "one who works to protect the environment from destruction or pollution." By these definitions, we and our conservation partnership consider ourselves to be environmentalists. However, we are putting our efforts and funding into resolving our natural

resource and species issues rather than litigating through the judicial system. If we could recover all the money over the past 30 years that has been spent in the litigation of ESA issues, we could probably have resolved many of the issues we still face today.

In most cases we have the technical expertise to resolve the issues we encounter. There just needs to be more of us and a common sense system in which to work!

Again, I want to thank Senator Crapo and his sub-committee members for allowing us to testify and give you our thoughts on how the 2007 Farm Bill might better support species conservation. We hope the ideas we brought forth will be of some value as you work towards developing the 2007 Farm Bill.

Thank you and may God bless America!

DOCUMENTS SUBMITTED FOR THE RECORD

JULY 26, 2005

Senate Agriculture Subcommittee on Forestry,
Conservation, and Rural Revitalization

Statement of Senator Thad Cochran

July 26, 2005

Mr. Chairman, I thank you for holding this hearing to review farm bill conservation programs and the effect these programs have on protecting species and improving species habitat. I thank the panelists for testifying before the committee.

I especially want to welcome James Cummins, the Executive Director of the Mississippi Fish and Wildlife Foundation, to the Committee who is my friend and is a national leader in conservation program development. Through his ideas and hard work, farmers, ranchers, and landowners have access to programs such as the Wildlife Habitat Incentives Program and the Healthy Forest Reserve Program. In addition, James has worked to ensure that programs such as the Wetlands Reserve Program, Conservation Reserve Program, and Grassland Reserve Program have been compatible with agricultural practices in the South. I appreciate his guidance and good counsel over the years and look forward to continuing to work with him on future conservation initiatives.

The United States Department of Agriculture administers twenty conservation programs and is expect to spend over $5 billion in fiscal year 2005 on these programs. It is important that we ensure that the conservation programs are administered in both an efficient and effective manner. Conservation programs can help farmers, ranchers, and landowners address a variety of environmental challenges ranging from soil and water quality to species conservation.

In 2003, Congress passed the Healthy Forest Restoration Act which included the Healthy Forest Reserve Program. This program is designed to provide incentives for land owners to put land back into native habitat with the ultimate goal of species recovery. When implemented, the Healthy Forest Reserve Program will provide environmental benefits while protecting the rights of private landowners. The Healthy Forest Reserve Program should be a model for future conservation programs.

I am glad that Chairman Crapo and Senator Lincoln have taken leadership role on this important issue. I look forward to working with both of you as we consider ways to improve conservation programs.

Mr. Chairman, thank you again for holding this important hearing.

TESTIMONY OF FRANK CASEY, PH.D.
DIRECTOR, CONSERVATION ECONOMICS PROGRAM
DEFENDERS OF WILDLIFE

BEFORE THE SENATE AGRICULTURE
SUBCOMMITTEE ON FORESTRY, CONSERVATION AND RURAL REVITALIZATION

HEARING ON SUPPORTING SPECIES CONSERVATION THROUGH THE FARM BILL.

JULY 26, 2005

Defenders of Wildlife is a national conservation organization dedicated to the conservation of America's wildlife and the habitats upon which species depend. Almost 60 % of at risk species (as defined by The Nature Conservancy) are on private or state lands. Nearly 40% of listed plant and animal species are found only on private or state lands. Seventy percent of the land in the United States is in private ownership for range, forestry, or agricultural use. As of 1995, nearly 84% of the plants and animals listed as endangered or threatened were listed in part due to agricultural activities. Furthermore, conservation of the full suite of biological diversity in this country will also require protecting the habitat of species that are not listed under the Endangered Species Act, but that require proactive conservation measures to ensure that their populations remain stable. While land acquisition by governments or land protection organizations is one important conservation tool, financial and political considerations render infeasible the outright purchase of all of the lands required to protect biodiversity in the U.S. Therefore, conservation gains can best be achieved when private landowners are willing partners in habitat protection, and Defenders of Wildlife believes that conservation incentives, particularly those offered by Farm Bill programs, play a critical role in making that happen.

Defenders has a long history of promoting and supporting the use of incentives to help private landowners preserve and enhance habitats for rare and imperiled species. We believe

there are many opportunities to improve incentive programs so that they both address the needs of threatened and endangered species, and also prevent species from becoming imperiled. Incentive programs for habitat conservation on private lands fall broadly into one or more of these categories, all of which can and should be utilized to further biodiversity conservation:

1. **Property tax benefits**. Many states assess farm and forest lands at reduced levels for property tax purposes. To maintain this lower assessment, landowners must manage their properties in ways that support these farm and forest uses. Conservation programs with property tax benefits similarly assess lands at reduced levels for property taxes, allowing landowners to participate in conservation practices without foregoing the reduced tax rates. Programs with property tax benefits have a localized financial impact on county governments and special districts with a local tax base.

2. **Income tax credits**. These incentive programs provide a means for landowners to reduce their state income tax burden with a tax credit for part or all of the costs of a conservation practice. Because such programs have a statewide financial impact, they are appropriate to accomplish conservation objectives with statewide benefits, rather than just local benefits.

3. **Direct funding**. Various state and federal agencies (and private sources) provide direct contributions to private landowners or landowner organizations to improve water quality, protect, restore, and enhance fish and wildlife habitat, and improve land management practices. These include grants, purchase of conservation easements, cost sharing, and reimbursement of expenses.

4. **Technical assistance** (including education and conservation planning). Landowners may need assistance with identifying and understanding relevant programs, understanding regulations, developing conservation plans, applying for permits or programs, or designing specific conservation elements. Assistance is available through a wide array of government and non-government sources, with little coordination of efforts.

5. **Market Assistance**. Market assistance allows landowners to capitalize on their wildlife and habitat improvement efforts by marketing, at a price premium, products produced in accordance with wildlife conservation practices. Promotion of ecotourism is another way to help local residents realize economic benefits from the presence of rare species.

Importance of Farm Bill Incentive Programs

Defenders of Wildlife has long been an advocate for voluntary incentives programs that help private landowners conserve wildlife, and for improved flexibility, ease of delivery and

effectiveness of these programs. We actively supported the conservation title of the 2002 Farm Bill, which contains the single largest appropriation for natural resource conservation in the nation – averaging nearly $2 billion a year from 2002-2007. While most funding goes for soil and water quality management, between $100-200 million each year is solely dedicated to wildlife. The suite of conservation programs include: the *Wetlands Reserve Program*, which provides farmers with cost-share assistance and easements to restore wetlands that have been degraded by agriculture; the *Wildlife Habitat Incentives Program*, which provides assistance to producers to improve and protect wildlife habitat; the *Environmental Quality Incentives Program*, which provides incentives to producers to help address a wide range of natural resource issues and to comply with environmental laws; the new *Conservation Security Program*, which provides income support to producers who implement and maintain stewardship practices on their working lands; the *Farm and Ranchland Protection Program*, which offers farmers payments for easements to keep their land in agricultural usage; the new *Grasslands Reserve Program*, intended to restore and protect up to 2 million acres of grasslands focusing on grazing lands, grasslands threatened with conversion, and native prairie; and the *Conservation Reserve Program*, which provides farmers with incentives to restore and protect highly erodible farmland, farmed wetlands, and riparian buffers. We have also been active in advising the Natural Resources Conservation Service, at the state and national level, on implementation of these conservation programs.

The following are just a few examples of the ways Farm Bill program incentives are helping farmers and ranchers conserve wildlife.

EQIP funds have:

- Helped preserve water for the fluvial arctic grayling by creating diversion dams with fish passage, establishing alternative water sources, and improving riparian health stream water quality.

- Helped ranchers minimize conflicts with wolves and grizzly bears by funding carcass removal, predator deterrent fencing and other devices, and assisting with the cost of a herder to prevent livestock depredation

- Increased essential habitat for the federally threatened piping plover by restoring wetlands, promoting prescribed grazing that emphasizes piping plover habitat requirements, conserving water and range seeding of native species.

- Helped control noxious weeds that damage rangelands, wildlife habitat, and the economy of Montana.

WHIP, WRP and GRP have funded projects to improve habitat for species as diverse as the sage grouse, the red-cockaded woodpecker, the ivory-billed woodpecker, Atlantic and Pacific salmon, Louisiana black bear, and the bog turtle. These programs have also helped restore thousands of acres of wetlands, grasslands, forest lands and other habitats that are the key to maintaining healthy populations of hundreds of species, and have helped improve existing habitats through enhancements, invasive species control, and creation of wildlife corridors. CRP and continuous CRP have protected millions of acres of sensitive lands, created buffers that improve water quality, and restored vitally important riparian areas.

Defenders of Wildlife's Recommendations for Improving Farm Bill Programs

Defenders of Wildlife has a number of general and program-specific recommendations for making delivery of these programs more effective and more user-friendly. Our general recommendations stem from our long history of work on Farm Bill programs, our on-the-ground experience with these programs, our analysis of state wildlife plans, and a wealth of published material, including:

- *Status And Trends In Federal Resource Conservation Incentive Programs: 1996-2001*. By Lisa Hummon and Frank Casey. 2004.

- *Conservation Incentives Programs: Improving Effectiveness for Habitat and Landowners.* Summary and Recommendations from the Habitat Conservation Workshop, June 2004
- *Conservation In America: State Government Incentives for Habitat Conservation.* A Status Report. By Susan George, Defenders of Wildlife. March 2002.
- *National Stewardship Incentives: Conservation Strategies for U.S. Landowners.* By Sara Vickerman. 1998.
- *Incentives For Conservation: Proceedings from the Conservation Incentives Summit*, April 19, 1999.

Furthermore, Defenders of Wildlife sponsored a Habitat Conservation Incentives Workshop in June of 2004 in Washington, DC. The workshop was a follow-up to the November 2003, meeting on The Endangered Species Act at Thirty: Lessons and Prospects, in Santa Barbara, California. The 2004 meeting brought together over twenty experts representing state and federal agencies, agriculture, forestry, development, conservation, and landowners, to discuss the role private lands play in biodiversity conservation and to discuss strategies for improving conservation incentives programs. We believe the combination of our Farm Bill work and our broader examination of wildlife incentive programs uniquely places us to recommend measures that will allow the Farm Bill programs to do an even better job of protecting and enhancing wildlife populations and assist agricultural land owners in doing so with incentives. The recommendations we submit below draw on the full range of this expertise, and we look forward to working with you to further develop and implement these recommendations.

1. Fully fund the conservation title of the Farm Bill.

One important way to improve the usefulness of Farm Bill programs for conserving America's wildlife is for Congress to fully fund the conservation title of the 2002 Farm Bill. That bill represented an unprecedented commitment to conservation funding, but that promise has not been realized in the annual funding cycle. Overall, farm conservation programs have faced a

13.3% shortfall since 2002, and WHIP, a program specifically targeted for wildlife habitat improvements on both agricultural and non-agricultural lands, has been underfunded by almost 30%. The program that has taken the biggest funding hit is also the program that has the greatest potential to reward good farm and ranch stewardship, the Conservation Security Program. The program is authorized at $2.8 billion, but has only been funded at $489 million, an 82.5% shortfall. CSP is currently only offered in select watersheds. In addition to fully funding these watersheds, funding should also be provided to extend the program nationwide. Meanwhile, in 2004, the total backlog of qualified, unfunded applications for farm bill conservation programs reached a record **$4,477,820,661**, representing **151,716** disappointed landowners nationwide. These unfunded projects met the selection criteria and were accepted, but there was no funding to support them. Of the 2004 total, WHIP had a backlog of 3,000 projects worth $10.7 million, WRP, a program the President has repeatedly stated he supports, fell short $649.3 million. GRP also had a huge backlog with 9,000 projects valued at close to $1.5 billion. GRP will reach its 10-year authorized funding level of $254 million this year, so the program will receive no additional funding until the farm bill is reauthorized. It is critical then that the Conservation Title in the 2007 Farm Bill, receive at least the same amount of funding that was authorized in 2002, and future budget and appropriations processes must not reduce these funding levels.

2. Raise the profile of wildlife conservation in the farm bill programs

As we have noted above, the farm bill conservation title programs have to date made tremendous contributions to the creation, enhancement and protection of wildlife habitats in the United States. With some relatively minor legislative adjustments, these programs can do even more for wildlife. We recommend, for instance:

- Within the Conservation Security Program, make wildlife habitat conservation co-equal with water and soil quality as national priorities

- Within the Environmental Quality Incentives Program, retain "promotion of at-risk species habitat conservation" as a national priority and include within this priority management activities that reduce conflicts between agriculture and wildlife, such as proactive measures to keep predators away from livestock, nonlethal management, and integrated pest management.

- Increase irrigated agriculture rental rates under CRP/CREP to make enrollment in these programs more attractive for farmers that want to conserve wildlife habitat under these programs.

- Expand the Wildlife Habitat Incentives Program, which assists both farmers and landowners with wildlife habitats in non-farm land use. This program has the potential to be one of the most valuable tools for protecting imperiled plants and animals, and for keeping species from becoming imperiled.

3. Link conservation priorities to state comprehensive wildlife conservation strategies.

The 2001 Interior Appropriations bill stipulated that all states must complete comprehensive wildlife conservation strategies by October 2005, in order to continue receiving federal wildlife grants to states. These state strategies can potentially help identify habitats that are important for listed species, and also habitats for important or declining species that are not yet facing listing. Once completed, strong state comprehensive wildlife conservation strategies can be used to define conservation priorities and to get ahead of the endangered species curve. Defenders anticipates the states' strategies can provide guidance for implementing Farm Bill conservation programs. For example, habitats identified in state strategies could receive an increased score in the environmental benefits index or ranking system used for CRP, EQIP and other programs. States with clearly defined habitats in need of conservation on working lands could be given additional federal funding to implement their plans. This may help serve as an incentive for states to use the strategies to guide investment of state wildlife grant funds.

4. Coordinate with other agencies and plans for effective incentive programs.

In the world of conservation incentives, there is a confusing potpourri of agencies, programs, and conservation goals. Improved coordination would assist all parties in working together to address high priority issues. This coordination should include federal, state, tribal, and local agencies and their plans and programs. Integrated conservation goals and programs would allow agencies to address multiple issues – such as biodiversity, water quality, and transportation planning – simultaneously.

Interagency coordination also needs to address regional issues. For some species and habitats, multi-state coordination is critical to developing effective conservation programs. In addition, regional approaches can help address conservation needs in some states. One way this is already being accomplished is through the Conservation Reserve Enhancement Program, which coordinates Federal and non-federal resources to address specific conservation objectives of a State and the nation in a cost-effective manner, and to improve water quality, erosion control and wildlife habitat related to agricultural use in specific geographic areas. WHIP, GRP, and WRP are being used on a regional basis to address habitat needs for species like the sage grouse and the ivory-billed woodpecker; we support continued and expanded use of these programs to meet the needs of listed, candidate and other rare species. USDA should also make broader use of the Partnerships and Cooperation program which is meant to foster innovative approaches to targeting and implementing conservation programs.

5. Strike a balance between strategic and opportunistic approaches.

Incentive programs and other private land conservation efforts are generally opportunistic, driven by interest in participation, rather than strategic wildlife needs. We need to find a better

balance between strategic and opportunistic approaches, in order to ensure that high priority conservation goals are met, while also meeting the needs of producers who wish to enroll in conservation programs. As described above, a strategic approach to species and habitat conservation could use the state comprehensive wildlife conservation strategies or other landscape-scale conservation plans to prioritize efforts and funding. One means of accomplishing this would be to assign a higher priority to projects that support habitat and management activities identified in recovery plans for listed species, and projects that benefit other species of concern at the state, regional or national level. Programs should also provide additional incentives for landowners who agree to longer-term protection of sensitive habitats. For instance, WHIP currently allows a portion of funds to be allocated for 100% cost share of projects for 15 years or longer that are aimed at "at risk" species "as defined by the Secretary." This is an important provision which should be continued, although the "at risk" designation should be made by the Fish and Wildlife Service or state wildlife agency.

State and federal agency staff could recruit landowner participation in high priority areas or habitats. More funding is needed for outreach to landowners about incentive programs. Landowners with high-priority habitats, whether identified strategically or opportunistically, should receive priority in the allocation of scarce incentive dollars. Landowners with intact or rare habitats should receive incentives that reward their land's conservation values, rather than allocating dollars only to landowners who have already heavily impacted their lands. Programs must also be designed and implemented in ways that do not create perverse incentives to destroy habitats; for instance, the CRP program should contain provisions to guard against sodbusting intact grassland or shrubland habitats.

While strategic conservation efforts are important, opportunistic approaches do need to continue. Conservation opportunities are constrained by complex political, economic, and social factors. In some cases, these variables determine where conservation funding goes. In addition, it is critical to allow landowners to participate in programs in which they are interested. This can allow neighbors and friends to learn about programs.

6. Improve landowner access to programs through "one-stop shopping."

The potpourri of conservation incentive programs also creates a significant barrier to landowner participation. Many landowners are unaware of programs, while others lack the time, money, or knowledge to wade through the diverse programs and their complex paperwork. Furthermore, landowners can be frustrated by dealing with multiple programs, applications, deadlines, agencies and jurisdictions. The problem is compounded when funding constraints leave worthy applications unfunded – contributing to both landowner frustration with the process, and raising the risk that important habitat resources will be destroyed. Landowners need improved access to programs.

Ideally, each state would offer one-stop shopping for all incentive programs. We recommend that funding be used for agency personnel, extension agents, or third-party technical assistance providers to serve as liaisons between programs and landowners. The incentive liaisons could use the state comprehensive wildlife conservation strategy to identify high conservation priorities and landowners. At the same time, the incentive liaisons would evaluate opportunistic requests from landowners and bundle incentive programs as needed to address landowners' circumstances and needs. There are many possible ways to design a one-stop

shopping system, which need to be evaluated in more detail and developed into a legislative concept to test and share with interested states.

One method of ensuring that incentive funds are meeting conservation goals is to reward collaborative efforts that bundle landowners, conservation goals, plans, permits, and/or programs. Such collaborative efforts could be organized by a landowner group, conservation group, or by agency staff, extension agents, or consultants as discussed above. Collaboration for a watershed or regional conservation effort will accomplish more toward conservation goals than a landowner-by-landowner or issue-by-issue approach. Funding and assistance for landowner groups would also be a good investment toward making conservation efforts more effective. Landowner groups are interested in water quality and other outcome-based monitoring, enforcement when requested, education, and technical assistance.

Another key element to the success of incentive programs, for both landowners and conservation outcomes, is long term and stable funding (see Recommendation #1, above). Currently, many programs (or their funding levels) come and go, leaving landowners confused and frustrated, and leaving habitats and species inadequately protected.

7. Expand education, technical assistance, and training.

The need for additional funding for technical assistance is almost universal for incentive programs and landowners. Some landowners need technical information or advice, while others need assistance with proposals, plans, permits, or budgets. Some landowners simply need information on what conservation practices to use on their property, but do not need financial incentives. An important element of education and technical assistance is to provide opportunities for landowners to learn from other landowners, via field trips and demonstration

projects highlighting key habitats or conservation practices. The need for education and technical assistance also applies to agency personnel, for example in forestry, agriculture, extension, and transportation. In order to improve the quantity of needed technical assistance, we recommend the establishment of a Resource Conservation Corps, which can be designed along the same lines as the Peace Corps. Participation in the corps would provide student-loan payment credits to those graduating in the agricultural sciences from the land grant schools and willing to volunteer for two years to serve in rural communities.

8. Support and coordinate private sector and market-driven incentives.

The government should support and increase coordination with the private sector. Market-driven or community efforts (such as certification programs, niche marketing, eco-labeling, eco-tourism, and recognition programs) can provide creative methods for meeting landowners' economic objectives while also meeting conservation and community objectives. Eco-labeled products can command a price premium with an ever-growing share of the American public. There are currently a multitude of different ecolabels, with different standards, meanings and certifying organizations. The USDA has successfully implemented a national standard for organically grown foods, and thanks to broad public input and third-party certification this label is considered highly credible by consumers. Defenders of Wildlife has been active in promoting the Healthy Grown eco-label for potatoes (see http://www.healthygrown.com) and Predator Friendly Beef (see http://news.fws.gov/articles/PredatorFriendly.html), and has also documented the economic benefits of eco-tourism associated with the reintroduction of red wolves in eastern North Carolina. All of these programs, when developed and certified according to clear standards, can provide landowners and businesses with an economic reward for their efforts to preserve and

enhance habitat and to engage in proactive management practices that ensure wildlife persistence. Additional funding for such programs through Title I marketing assistance programs is important for encouraging innovation and collaboration.

9. Evaluate the effectiveness of conservation programs

In order to ensure that conservation programs are effective, it is critical to evaluate their performance. Similarly, programs need to be designed to produce desired conservation outcomes, not to simply follow approved practices and ignore results.

Several key areas need evaluation as we develop better conservation programs. We need to shift to performance evaluation, measuring conservation outcomes, rather than simply counting inputs such as landowners, acres, or trees. We also need to evaluate landowner perspectives, including interest, knowledge, and motivations. The next task is to evaluate and understand the variability in program performance and in landowner perspectives: Why does one program works and another does not? Why does a program work in one area and not in another? How do landowner perspectives vary, both within and between programs? Unraveling the reasons for variability in programs and in landowners will help us address problems with existing programs and design new programs that are more effective for species and habitats and for program participants. We recommend that USDA compile and publish a report on the wildlife impacts of the 2002 farm bill conservation programs that would serve as an update to the December 2000 "Comprehensive Review of Farm Bill Contributions to Wildlife Conservation, 1985-2000" by the end of the year.

Ultimately, a system is needed that measures the results of all conservation programs on the ground. Measuring the cumulative effects of all land use and conservation practices will

allow us to evaluate progress toward broader conservation goals and adjust programs and policies to ensure that conservation efforts are effective in the long run.

Agricultural Waste Solutions * Agri-Mark Inc. * California Association of Wine Grape Growers * Dairy Business Association of Wisconsin * Iowa Cattlemen's Association * Iowa Soybean Association * National Chicken Council * National Turkey Federation * Northeast Organic Farming Association of New Jersey * Organic Valley * Virginia Poultry Federation * Virginia State Dairymen's Association

Mr. Bruce Knight, Chief
Natural Resources and Environment, U.S. Department of Agriculture
5105 South Building, 14th and Independence Streets, SW
Washington, D.C. 20250

May 14, 2004

Dear Chief Knight:

The Environmental Quality Incentives Program (EQIP) is now the nation's second largest conservation program, and its emphasis on working lands conservation sets it apart from most other programs. This program has been and will continue to be fundamental to helping the nation's producers meet conservation challenges and deliver vital public benefits of clean water, healthy soil, clean air, and wildlife habitat. Despite the significant increase in funding for EQIP under the 2002 Farm Bill, however, demand will continue to far outstrip available resources for the foreseeable future.

Given the pressing need for these funds and their limited supply, it is vital that EQIP resources be used as efficiently and effectively as possible. We believe that the following principles are critical not only to getting the most out of limited EQIP resources, but also to leveraging and fostering the innovation and ongoing creativity that characterizes US agriculture today:

- EQIP should reward **higher levels of improvement toward defined environmental outcomes**, both in terms of the extent of improvement (i.e. percentage improvement in irrigation efficiency or percentage increase in nutrient use efficiency) and the degree of implementation (i.e. more acres, more stream feet, greater volume of animal manure properly managed). By focusing on extent and degree of improvement, EQIP would provide farmers, ranchers, and their partners the flexibility they need to find the solutions that will work on their individual farm or in their particular watershed.

- EQIP should encourage the adoption and implementation of **innovative approaches and promising new technologies tied to achieving desired environmental goals**. Openness to innovation will not only provide producers and their partners the necessary flexibility to

leverage their creativity and hands-on knowledge of agricultural conservation challenges and solutions, but also help foster creative solutions on one farm that can bring conservation benefits to other farms as well.

- EQIP should encourage and fund **demonstration projects** developed specifically to illustrate defined environmental outcomes and benefits of promising new approaches and technologies. The benefits demonstrated by these approaches and technologies can then be adapted and adopted on other farms, thereby multiplying the benefits of the initial demonstration project across many farms.

- EQIP should encourage and reward **cooperative projects** that bring multiple producers and partners together to realize a defined environmental goal, thereby creating conservation projects whose total benefits are greater than the sum of the parts.

- EQIP should be **truly size neutral.** In order to be fair to all farm and ranch sizes, EQIP ranking systems must incorporate **effective measures of scale *and* cost effectiveness.** By ignoring one or both of these factors, EQIP ranking systems will produce unintended consequences and favor either larger projects or smaller projects. Measures of scale must correctly capture the anticipated benefits of a project in order to avoid biasing against larger projects. Dividing the total project benefit points by the total cost of the project (not just the government cost) will not only provide an important measure of cost effectiveness, but also ensure that the process does not bias against smaller projects and producers. The end result will be a system in which the most cost effective projects rises to the top.

- EQIP ranking systems should **separate out resource concerns** into separate ranking sheets and funding pools to **avoid complicated comparisons of apples and oranges.** Comparing all kinds of projects -- water quality, wildlife, forestry, soil health, and more -- in a single ranking sheet is not only very difficult, but also tends to favor one kind of project or type of farm or ranch over another. By separating out resource concerns, ranking systems can more effectively target priorities and be equitable to all kinds of projects and agriculture.

- EQIP ranking systems should **ensure that practices that provide multiple benefits are rewarded properly.** It is important that multiple benefit bonus points be awarded for individual practices that deliver these additional benefits, and not just for tacking on additional practices that may not be appropriate to the situation. By rewarding the multiple benefits of individual practices, ranking systems can also avoid the unintended result of just rewarding *more* that may not necessarily be *better*.

Incorporating these important mechanics into EQIP ranking systems is critical to the success of the program, both for participating producers and natural resources. These mechanics can enable EQIP to get the most out of its limited resources and to be equitable to all kinds of agriculture and all sizes of farms and ranches. We urge you to ensure that States use these

concepts to help EQIP fulfill its potential and give the nation's producers the assistance they need to provide the public clean water, healthy soils, wildlife habitat, and clean air.

Sincerely,

Doug Young, Chairman
Agricultural Waste Solutions

Doug DiMento, Director of Communications
Agri-Mark Inc.

Karen Ross, President
California Association of Wine Grape Growers

Laurie Fischer, Executive Director
Dairy Business Association of Wisconsin

Bob Johnson, President
Iowa Cattlemen's Association

Curt Sindergard, President
Iowa Soybean Association

Steve Pretanik, Director of Science & Technology
National Chicken Council

Joel Brandenberger, Senior Vice President of Legislative Affairs
National Turkey Federation

Karen Anderson, Executive Director
Northeast Organic Farming Association of New Jersey

George Siemon, Founding Farmer and CEO
Organic Valley

Hobey Bauhan, President
Virginia Poultry Federation

Dale Gardner, Executive Secretary/Treasurer
Virginia State Dairymen's Association

August 2, 2005

Senator Mike Crapo, Chair
Forestry, Conservation, and Rural Revitalization Subcommittee
of the Senate Committee on Agriculture, Nutrition and Forestry
Room 328-A Senate Russell Office Building
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

Thank you for holding your hearing on July 26, 2005 on "Supporting Species Conservation through the Farm Bill." We represent livestock and crop producers from across the U.S. that support a strong farm bill conservation title that can help farmers improve resource conservation through voluntary, incentive-based programs. We are sending you this letter to provide you with our views and observations on the use of farm bill conservation programs to support wildlife and wildlife habitat in general. The promotion and maintenance of wildlife in agricultural producing areas of the U.S. is an extremely worthwhile objective, and it should be supported through the farm bill. But most of the important private, agricultural working lands conservation programs in the farm bill, as implemented today, now make a farmer's willingness to adopt wildlife or wildlife habitat measures a key determinant of whether they can get conservation financial assistance. We believe this is not the correct policy approach as it prevents farmers from getting conservation assistance for carrying out other important resource protection needs on their farms. If it is possible, we would like to have these comments and observations included as part of the hearing record, and we ask that you take these views into account as you prepare to reauthorize the farm bill.

Our organizations and many of the producers we represent are avid supporters of wildlife and wildlife habitat. Our organizations believe that this is an important enough objective that producers should be given the opportunity to choose to incorporate wildlife objectives into any conservation financial assistance agreements they enter into with USDA. But it is a fundamental mistake, in our view, for nearly every significant farm bill conservation program to make the adoption of wildlife and wildlife habitat one of the key determinants of whether or not a producer can get conservation financial assistance. Unfortunately, this is the approach taken today not only by the farm bill program for private lands conservation directed specifically to habitat, the Wildlife Habitat Incentives Program (WHIP), but also for the Environmental Quality Incentives Program and the Conservation Security Program.

Many farmers are today seeking conservation assistance to enhance the environmental performance of their production agriculture activities. This means they are needing assistance to better conserve soil, water and air resources and

to enhance their stewardship of animal manure and other agricultural inputs to ensure those inputs serve their purpose on the farm as much as possible. While it may be possible that the adoption of such measures will have wildlife benefits, there is seldom any connection between the wildlife enhancement measures being required in these farm bill programs and producers' other agricultural resources stewardship needs. By placing a priority on wildlife practices in all of these programs farmers are being discouraged or prevented from getting vitally needed assistance to improve the environmental performance of their operations as agricultural enterprises. Inevitably, every signup there are reports from producers of major friction and concern because they are told they can't get financial assistance for their agricultural stewardship efforts unless they also include wildlife practices.

We believe that USDA's efforts to support wildlife habitat conservation on agricultural lands would be better served if the only program that made this objective its core purpose was WHIP. As stated earlier, producers should be given the opportunity to select wildlife practices as part of any conservation financial assistance agreement with USDA. But by making WHIP the only program with wildlife habitat as its core focus, farmers will know exactly where to go for this assistance and what to expect. We believe that WHIP is well suited for this purpose. Of course, wildlife is also an explicit objective for the Conservation Reserve Program and the Wetland Reserve Program, but these programs are not directed at lands that are to remain in agricultural production.

Thank you again for the hearing on July 26th, and thanks in advance for considering these views and observations. We look forward to working with you on these an other conservation matters in the next round of farm bill deliberations leading to the reauthorization of these programs.

Sincerely,

National Pork Producers Council
National Corn Growers Association
National Association of Wheat Growers
National Cattlemen's Beef Association
National Milk Producer's Federation
American Soybean Association
National Council of Farm Cooperatives
National Cotton Council

August 2, 2005
Letter to Chairman Crapo

QUESTIONS AND ANSWERS

JULY 26,2005

Steve Manning
Leon River Restoration Project
214 Leisure Acres Rd
Gatesville, Texas 76528
254-865-3225

September 9, 2005

Senator Mike Crapo
239 Dirksen Senate Office Building
Washington, DC 20510

Chairman Crapo,

The first question asked was: "In your testimony, you described the various funding sources that were used at the sub-watershed level. The process sounds pretty complicated. Having gone through such a process, is there any way we can simplify the process so that landowners would be more willing to participate?"

In response: In my testimony I did not go into detail about the structure used to enroll landowners in the project. The process is somewhat complicated, but those complications occur prior to the involvement of the landowner. This is done intentionally so that the process will not become an obstruction to the involvement of landowners. While it is true that multiple sources of funding are used, we structured the project so that certain practices were common to all of the different funding sources. For instance, all the funding sources require a wildlife management plan written or certified by a Texas Parks and Wildlife Department (TPWD) biologist. Also, all funding sources except NRCS use a 15% landowner cost share. Additionally, in several instances the project works with local entities such as Wildlife Cooperatives. This allows the project to bring together landowners that were already accustomed to working together to some degree. All of these wildlife management plans require the use of prescribed fire as a part of follow-up management. The end result of these commonalities between the different funding sources is a good degree of continuity and similarity in the management of participating landowners. This continuity and similarity is critical in bringing together a landowner base comprised of diverse small-acreage owners into a cohesive group large enough to effect changes on a landscape scale.

Farm Bill dollars are also used as a source of funding in this project. In this instance, the source is EQIP dollars administered by NRCS. There were additional challenges in the use of EQIP dollars as this was a well established program not necessarily as flexible as some of the other funding sources. For instance, cost share ratio for NRCS EQIP is set at 50% at the national level.

Therefore, EQIP could not compete with the 85% cost share offered by the other funding sources. To offset this, NRCS created a special set of guidelines and incentive payments for landowners participating in EQIP within the Leon River Restoration Project (LRRP). Special incentives for the project include payments for deferred grazing and prescribed burning. The use of these incentives makes EQIP competitive with the other funding sources. NRCS also established a special set of ranking criteria including certain soil types, certain species of brush, and potential habitat for the two listed species. I will fax a copy of the NRCS EQIP handout for the LRRP.

As stated earlier, TPWD wildlife management plans are used by the different funding sources. In the case of NRCS EQIP, the landowner has the option of using a TPWD wildlife management plan or a plan written by an NRCS biologist. I should explain the significance of TPWD plans. In the mid-nineties the Texas Legislature, in direct response to concerns of property rights infringement, passed into law a requirement that all information written into a TPWD wildlife management plan would remain confidential. This information is not accessible by request of the Open Records Act and cannot be released by TPWD without the express written consent of the landowner. The partners in the LRRP, including FWS, see this as an opportunity to engage landowners in species protection as well as property rights protection. TPWD can gather data related to the presence and numbers of endangered species and release those numbers back to FWS in aggregate form without jeopardizing the confidentiality clause of the statute. This has allowed the project access to properties that were previously inaccessible. In the case of the EQIP funds, language was written into the LRRP Biological Opinion allowing for the use of these TPWD wildlife management plans. This was precedent-setting in that it allows the use of federal dollars for endangered species management, with the state agency being accountable for the specific information needed for proper management. Using the LRRP as a model, this same language was written into the Statewide Programmatic Biological Opinion.

In closing on this question, there are three points I want to make:

(1) The use of a programmatic Biological Opinion relieves the landowner of the burden of individual consultation with the FWS.
(2) The use of certain common practices, such as TPWD wildlife management plans, provides continuity and similarity needed for landscape-scale management.
(3) With the exception of the NRCS EQIP, the bulk of the paperwork is done by the project, relieving the landowner of that additional burden.

<u>The second question was</u>: "How can we develop the political momentum that will enable us to redirect our efforts toward a more collaborative way of environmental decision-making?"

In response: The White House Conference on Cooperative Conservation provided an additional springboard for momentum. Additionally, I've had conversations with a number of national organizations with diverse constituencies. Organizations such as American Farm Bureau, Nature Conservancy, National Cattlemen's Beef Association, and Environmental Defense all seem to have an interest in this idea of cooperative conservation. While the White House conference was important, perhaps a smaller meeting of these and other organizations could be convened to discuss the more narrow topic of farm bill programs for species protection.

Steve Manning
Manning254@aol.com

Fact Sheet

Environmental Quality Incentives Program (EQIP)

Leon River Restoration Project (LRRP)

NRCS
United States Department of Agriculture
Natural Resources Conservation Service

May 2003

The Leon River Restoration Project (LRRP) has been approved for EQIP funding for FY 2003. The project provides landowners and land managers in the Leon River Watershed in Hamilton and Coryell Counties technical and financial assistance needed to apply conservation measures to improve the quality and quantity of water. The project will accomplish these goals through the treatment of regrowth Ashe Juniper, while improving wildlife habitat and populations, including the federally listed Black-capped Vireo and Golden-cheeked Warbler.

Eligibility

Rangeland in the Leon River Watershed with Ashe Juniper infestations. Applicable counties: Hamilton and Coryell.

Resource Concerns

- Water Quality
- Water Quantity
- Wildlife Habitat for Golden-cheeked Warbler and Black-capped Vireo

Ranking Criteria

To be eligible for EQIP funding, an agricultural producer must complete an application to be ranked based on the following criteria:

- Location relative to priority watersheds
- Amount of acreage with key range sites of Low Stony Hill, Shallow, Adobe and Stony Clay Loam
- Regrowth Ashe Juniper canopy percent
- Wildlife Management Plan approved by TPWD.

Contact the local NRCS office for specific ranking criteria.

Eligible Practices

- Brush Management
- Range Planting
- Prescribed Grazing
- Prescribed Burning

Cost Share

Cost Share for Brush Management, Range Planting and/or Prescribed Burning is available at 50 percent of the average cost of the practice. Cost share for Limited Resource Farmer/Rancher is 60 percent.

Incentive

An incentive is available for Prescribed Grazing at 100 percent of a set incentive rate of $17/Ac/Yr. Incentive payments are for a maximum of three years

Sign-up, Review of Applications and Allocation of EQIP Funds

NRCS has set the EQIP sign-up period from May 13 to June 13. Producers must complete an application at the local NRCS office before June 13.

After June 13, NRCS will review the applications and rank each application. Producers that are selected for funding will work closely with NRCS to develop an EQIP contract and then work with appropriate contractors throughout the contract period to install the practices identified in the contract.

Additional Information

Contact the local NRCS office in your area. A directory of NRCS offices is available at http://www.tx.nrcs.usda.gov/ or by calling (254) 742-9800.

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Senate Subcommittee on Forestry, Conservation and Rural Revitalization

Subcommittee Questions and IASCD's Responses

Question#1: What kind of options should be considered for improving technical assistance to landowners in the next Farm Bill?

- Reduce the number of financial assistance programs available to four types:
  - Cost-share Program (EQIP, WHIP & AMA)
  - Easement Program (combine GRP, FRPP, and WRP)
  - Land Retirement Program (similar to CRP)
  - Green Payment Program (CSP)

  Combining these existing programs would allow NRCS field staff to improve their technical assistance delivery to producers by offering a limited suite of programs that contain clear and concise policy and procedures. This would also allow producers to better understand program options and alleviate complicated, and sometimes, conflicting program requirements.
- Decentralize decision-making. We need to empower our NRCS district conservationists (DC) with the necessary authority to approve all appropriate Farm Bill work at the field office level. District conservationists need to make these decisions and then be held accountable for their decisions. This would save a great amount of NRCS field and state office time and speed up all processes tremendously.
- Consider having just one annual signup covering all cost share programs.
- Have just one easement program. There are too many rules to follow for separate programs and it becomes very confusing to both NRCS technical staff and the producer.
- Consider reducing the number of tiers in the CSP from three to two tiers. Would save a lot of contract administration time and be less confusing and more straight forward in determining the eligibility of producers.
- If a producer wants to increase acres to their CSP contract, they must bring them in at the same or higher tier level.
- Consider having a sign up for those producers needing to develop a conservation plan. Producers not having a conservation plan would have a lower priority for receiving technical assistance. This would save time and technicians could focus on working with those producers who are ready, willing, and able to implement their plans.
- The NRCS needs to consider hiring and/or contracting for technical expertise if this expertise is not adequately available within the current system and/or at an adequate level to meet changing needs. There is an increasing need for technical assistance with respect to fisheries, wildlife, ecosystem restoration, forestry, water quality, and urban conservation.

- Consider having NRCS contract out for the needed technical assistance they are currently lacking. Other agencies may have technical staff that are available and could be used. Example: if a fish biologist is needed and the local federal, tribe or state agency has one available, NRCS could contract with these agencies to provide the needed technical assistance. We need to be as efficient and effective as possible with all our available resources even if it means using other agency staff.
- A programmatic biological assessment on a national, regional or ecosystem basis needs to be developed. This would reduce the time now required for agency consultation under the ESA. Many hours are being wasted by agency staff on the consultation of conservation practices that have been installed repetitively over and over again under the same situation.

Question #2: How can we develop the political momentum that will enable us to redirect our efforts toward a more collaborative way of environmental decision-making?

- Need to combine regulatory and voluntary efforts. If communities can develop flexible voluntary/collaborative programs to address "comprehensive" resource concerns from the community's perspective, more innovative approaches can be supported to maximize resource protection, not simply minimizing resource damage.
- Collaborative efforts need a grassroots base. Collaborative efforts will be most effective if they can be delivered at the community level through agencies and processes that are directly influenced by community leadership, both formal and informal. We do not need a system that gets bigger and bigger, while simultaneously becoming disconnected from community priorities and/or delivers services with decreasing efficiencies due to cumbersome processes.
- Collaboration needs broad support. A successful collaborative system needs to consistently fulfill the needs of competing interests to be successful.
- A collaborative process must have a trusted messenger. The entity promoting the collaborative process must be an individual and/or agency that maintains a broad base of support from diverse and competing interest groups. Collaboration, as a concept, will be rejected if interested parties believe the concept is promoted to simply avoid the regulation of some favored bad actors.
- The collaboration process needs to be written into all federal agency's business plan and agencies heads evaluated annually on how effective they have been in utilizing the process. Institutional barriers need to be broken down in order for the collaboration process to work effectively.
- Political momentum will come by promoting successful collaborative efforts and featuring the elements of that process that made it successful. Stakeholders want to solve their problem, they just need to be made aware of the successful ways others have used to resolve it. A good example is

the sage grouse initiate here in the west. Ranchers, state, and federal agencies collaborated together and keep the species from being listed. Enthusiasm generated from this process is the kind of enthusiasm needed to get people jacked up politically. Stakeholders also need to have the authority to veto or reject ideas that have a high probability of failure due to limited community support.

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