

CONSERVATION TITLE: WHAT'S IN IT FOR YOU

**Bruce Knight
USDA-NRCS
Washington, DC**

It is a pleasure to be here today to talk about the conservation provisions of the farm bill and what it means to cotton producers in this country.

Today, I would like to give you an overview of the new farm bill, talk a bit about what USDA and the agriculture community need to do to successfully implement the bill, and, finally suggest a few things organizations like the National Cotton Council and individual cotton producers can do to get the most out of the conservation provisions of the new farm bill.

Cotton producers already are doing much to help conserve and improve our natural resources, including conservation tillage practices, integrated pest management, and use of transgenic varieties to cut pesticide use (71% of cotton in 2002).

The use of no-till on two million acres of cotton has done much to reduce wind and water erosion, reduce pesticide use, and improve soil quality and yields.

The new farm bill increases funding for conservation and opens up new opportunities for you to reach your conservation goals and maintain your profitability.

It can assist cotton producers with a broad range of natural resource challenges, through access to cost share, land rental, incentive payments and technical assistance.

The farm bill provides a framework for addressing unique local concerns. In addition, the farm bill offers voluntary solutions for complying with the Endangered Species Act, Clean Water Act, Clean Air Act, and other regulations.

NRCS can provide one-on-one technical assistance for reaching these goals.

The farm bill represents the largest investment in conservation on America's working lands in farm bill history.

The farm bill will result in an increase of \$17.1 billion in conservation spending over ten years. The farm bill announces our entry into what I call "the next golden age of conservation."

It provides a great deal of flexibility for America's farmers and ranchers, to help them enhance the natural resources on their lands, while also maintaining industry profitability.

Most importantly, the new farm bill is heavily focused on working lands conservation. Funding increases in all programs offer more farmers and ranchers more options for addressing their natural resource challenges.

The biggest single program in the farm bill is the Environmental Quality Incentives Program. The farm bill provides an extra \$5.5 billion for EQIP.

Increased funding for EQIP is good news for cotton producers, particularly those of you who are facing severe water challenges due to depleted aquifers.

In California and Arizona, where air quality is a major issue, EQIP can help producers meet fugitive dust regulations and ozone requirements. EQIP can also help you meet your goals for improving air quality, conserving water, and integrating pest management.

There is much more to be done in the cotton industry in terms of planting good cover crops to produce improvements in soil, water, and air quality. This fiscal year EQIP will have about \$700 million, plus \$45 million for ground and surface water conservation.

We hope to have the proposed rule for EQIP out this month, which means the program can be available this spring.. Other programs show similar increases. The farm bill provides \$360 million for the Wildlife Habitat Incentives Program over six years. WHIP has \$30 million for FY 2003. The new farm bill provides for several programs to protect working farmland and rangeland, including the Farmland Protection Program and the new Grassland Reserve Program.

FPP will have nearly \$600 million over six years. For fiscal year 2003, FPP funding is \$100 million. I would suggest that cotton producers near urban centers look at FPP for its ability to keep cotton land in production and relieve urban pressures.

The Grassland Reserve Program will have a quarter of a billion dollars in mandatory spending to enroll up to two million acres of grazing land. It remains to be seen how much of that money will be available each year. In addition, the Wetlands Reserve Program has significant increases in its acreage cap. Secretary Veneman released \$275 million in WRP funds this fall, and we were able to enroll more than 200,000 acres.

Many cotton producers have put land into WRP, doing great things for habitat and improving water quality. The new Conservation Security Program will provide payments for producers who have historically practiced good stewardship on their agricultural lands and incentives to do more. The USDA is working hard on the rule for the CSP program, and we hope to have the rule ready for release in the near future. We are determined to create a program that works, so it may take some time to iron out the details. One last feature of the farm bill that will be of interest to you is that it provides for confidentiality of case file data.

So, what have we, at USDA and in the agriculture industry, been doing to implement the farm bill, and what do we need to do in the future to ensure its success? The farm bill meant release of about \$700 million for conservation programs late in the last Federal fiscal year.

NRCS offices around the country dusted off the old applications, took in new applications, assigned them priorities, ranked the applications, and, by the end of the year, nearly the entire \$700 million was committed.

We funded more than 19,000 EQIP applications with \$414 million in new farm bill money and more than 800 applications for WRP, worth \$274 million. Getting all that money invested in such a short time is a tribute to the hard work of NRCS staff and to the preparedness of NRCS field offices, as well as the strong interest on the part of America's farmers and ranchers.

Today, we not only have enough applications to invest the 2003 farm bill money-- we are back in the position of having a backlog of applications.

EQIP alone now has a backlog of \$1.4 billion nationwide. WRP has 2,800 pending applications, amounting to 475,000 acres. FPP has more than \$100 million in pending offers for easements.

This backlog means that for farmers, NRCS professionals, and our partners hard work lies ahead. Tough decisions will need to be made as to how to rank and prioritize the applications.

There is more to implementing the farm bill than just accepting applications as they come in the door. To be truly effective, we need to be more strategic in three major areas:

- Getting the word out – which includes setting reasonable expectations.
- Making sure the applications we approve meet local and national priorities.
- Leveraging Federal dollars to get the most conservation done.

The first thing we need to do is increase our effort to get the word out. We have reached a lot of producers with the farm bill message, but have we reached them all?

I don't think so. We have new tools and new resources, and we need to tell that story.

The word is getting out, but it has not reached everyone who needs to know.

The farm bill is designed to extend opportunities for every farmer and rancher to reach his or her conservation goals. To make that potential a reality, we have to reach out to every farmer and rancher. So, outreach is one of our strategies. When we see farmers and ranchers from all parts of the country and representing all parts of the producer community participating in farm bill implementation, we will know our strategy is successful.

The second thing we have to do is focus more on conservation goals and less on programs.

Having a lot of applications on file may be a good feeling to some. It shows farmers and ranchers are interested and eager to participate. But our strategy at NRCS is not to pile up a large number of applications. Our strategy is to get as much good, priority-based conservation done on the ground as we can. Now that we are sure enough farmers and ranchers want to participate, we must move beyond numbers of applications to consider how to get the best and most conservation done. We need to look at how applications relate to a producer's overall conservation goals. And we need to look at how applications relate to national and local conservation priorities.

The key to reaching individual and local conservation goals is to keep decisions at the local level. That is why we are creating rules that are “lean and local” to implement the new farm bill.

The rules are simple and leave the decision making to local officials. In the case of EQIP, I anticipate the rule will be 1/3 less in volume, due to our lean and local effort. When we see that we are accepting applications based on what they contribute to conservation on the farm and in the local community, we will know our strategy is successful.

The third thing we have to do is focus more on getting as much conservation done as we can, as widely and as wisely as we can, rather than settling for getting the dollars out the door. The foundation of our effort is to offer incentives to producers who practice conservation. Part of the idea of incentives and cost share is to make it possible for producers to undertake conservation practices that they could not normally afford to do. Another part of the idea of incentives is to leverage tax dollars to get more conservation done. Our strategy should be to use incentives properly and not treat them as entitlements. We need to look carefully at applications in a number of ways to be sure we are getting the most for the taxpayer dollar:

We need to look at local farm and ranch communities to see how incentives and cost shares operate. The same cost share may not be needed everywhere at all times. The much bally-hooed 75 percent cost-share level authorized in the farm bill may become the rarity, not the norm as we tailor the level of cost share to the particular practice and what it achieves.

We need to look carefully at our delivery costs to be sure we are getting the most for both the taxpayer and the farmer. We need to look at other sources of funds to see how to leverage the Federal dollar. The Federal government and the producers can get more conservation done when the cost is shared several ways. We cannot simply accept the first applications through the door, but must approve the applications that objectively rank as having the potential of doing the most conservation work. We cannot award all of the largest contracts, because there are smaller operations that need the incentives to conserve water and soil.

For example, if we used all this year’s EQIP funds for contracts at the maximum level, we could only award about 1,500 contracts. We have to do what it takes to gain the participation of traditionally underserved segments of the producer community. When we see that we are getting more conservation done per dollar of Federal investment, we will know this strategy is successful.

To summarize, let me say that we have had six months to celebrate passage of the new farm bill and the birth of “the new golden age of conservation.” We have made a strong start toward implementing the new farm bill, with its tremendous investment in conservation on working lands. But to be successful in the long run, we need to be more strategic. We need to make sure every farmer and rancher knows about the farm bill and has a chance to participate. We can use the continued efforts of organizations like the National Cotton Council to help get the word out.

We need to focus more on overall conservation goals and less on program implementation.

I mentioned that NRCS needs to focus on accepting applications that meet local and national priorities. Organizations like the National Cotton Council can help spread the word on these priorities. But, beyond local and national priorities, conservation activities on any given farm or ranch should meet the conservation goals of the owner and operator. Each individual producer needs to look beyond the narrow confines of program dollars and look at overall conservation needs and priorities.

After all, you are in the business because you love the land and love making it produce, not because you love applying for farm programs. One-on-one technical assistance from NRCS can help you fine-tune your conservation goals and decide on the practices that are right for you, both from a conservation standpoint and from the standpoint of economic return.

The measure of our success in focusing on conservation goals will be outcomes -- how well we help farmers and ranchers and communities reach their conservation goals, not how many acres we treat. And finally, we need to get the most conservation done that we can for the money. We need to use incentives properly. We at NRCS need to manage programs frugally and we need to leverage the Federal funding.

Organizations like the National Cotton Council can help by developing new partnerships. The new farm bill gives us the resources to work with new and existing partners and the flexibility to take on new projects. The more partners we have, the more conservation we can do. Individual producers also have a role in stretching the Federal dollar. By being open to new ways of working and flexible in who you work with, you can get even more conservation done on the land. By working together to make the right choices, we can make this new farm bill live up to its potential.

And that should be good for business. I look forward to working with all of you to make the next golden age of conservation a reality. Thank you