

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

4015

2007 SENATE AGRICULTURE

SCR 4015

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 4015

Senate Agriculture Committee

Check here for Conference Committee

Hearing Date: February 8, 2007

Recorder Job Number: 3197

Committee Clerk Signature

Cassie Crow

Minutes:

Sen. Flakoll opened on hearing on SCR 4015, a concurrent resolution urging the Secretary of the US department of Senate Agriculture to restore full funding to the Conservation Security Program, address and resolve problems in the administration of the program, and to compensate individual farmers for damages incurred which were caused by a lack of clarity in the general provisions of the program and how these provisions were communicated to participants. Members (6) were present, absent (1) **Sen. Heckaman**.

Sen. Klein, district 14, testified in favor of the bill.

Sen. Klein- What we have before us is a resolution urging the Secretary of the Dept of Senate Agriculture to fully fund the conservation security program. It has been brought to my attention that there has been some issues out there that the producers who complied to what they believed were all the rules and then when it was time to cash in on what was suggested to them that it wasn't there. What we are hoping to do here is that if you have a program in place and you say you are going to fund it please do so.

Jeff Faul, farmer, testified in favor of the bill. See attached testimony.

Sen. Erbele- when did you first sign up on the program?

Jeff Faul- I signed in to the program in 2005, I was accepted in tier 3 and have not modified the contract in any way since then.

Sen. Klein- I think this goes beyond what the legislator can do have you talked with the congressional delegation?

Jeff Faul- I have attempted to do that, I have attempted to talk to out congressional delegation unfortunately I thought about it a little to late and ass of yet I have not received any communication back.

Sen. Klein- I did talk to the NRCS here in Bismarck and invited somebody here but they were unable to come today cause I thought it would be good to hear that side and that maybe they could respond.

Sen. Behm- is this program more or less just for the western part of the state?

Jeff Faul- the focus has been to implicate one water shed in each state per year, I have learned that in 2007 there will be no offerings of conservation security due to some of the problems.

Sen. Taylor- I am curious as to what your operation consists of, are you a mix of crop and livestock?

Jeff Faul- I am strictly a crop producer and a very small producer.

Richard Schlosser, representing ND Farmers Union, testified in favor of the bill.

Richard Scholsser- We stand in support of the resolution.

No opposition to the bill.

Sen. Flakoll closed the hearing.

Sen. Klein motioned for a do pass and was seconded by **Sen. Wanzek**, roll call vote 1: 6 yeas, 0 nays, 1 absent. **Sen. Klein** was designated to carry the bill to the floor.

Date: Feb 8, 2007
Roll Call Vote #: 1

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 4015

Senate Agriculture Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Klein Seconded By Wanzek

Senators	Yes	No	Senators	Yes	No
Tim Flakoll-Chairman	X		Arthur H. Behm	X	
Terry M. Wanzek-Vice Chairman	X		Joan Heckaman		
Robert S. Erbele	X		Ryan M. Taylor	X	
Jerry Klein	X				

Total (Yes) 6 No 0

Absent 1

Floor Assignment Sen. Klein

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
February 8, 2007 1:32 p.m.

Module No: SR-27-2548
Carrier: Klein
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SCR 4015: Agriculture Committee (Sen. Flakoll, Chairman) recommends DO PASS
(6 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SCR 4015 was placed on the
Eleventh order on the calendar.

2007 HOUSE AGRICULTURE

SCR 4015

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SCR 4015

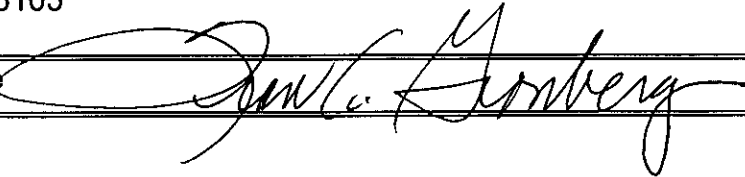
House Agriculture Committee

Check here for Conference Committee

Hearing Date: 3-15-07

Recorder Job Number: 5105

Committee Clerk Signature



Minutes:

Chairman Johnson opened the hearing on SCR 4015.

Senator Klein: This bill is a result of a constituent I have who thought he had participated and followed all the rules on the conservation security program. He banked on it. And when he came to collect on what he believed was what he going to get, he came to find that the money wasn't there and that he was short changed considerably. The conservation security program is an incentive program to help with the conservation of natural resources including soil, water, and air. He farms in two counties and what was in compliance in one county was not compliance in the other. The resolution is to direct the secretary to take a look at this method of this program.

Rep Onstad: Did he sign a contract?

Klein: It's my understanding that as he followed through, he believed the contract indicated so many dollars for every one of the programs and every one of the additional programs he did. So at the end of the day when he thought he was going to get the \$43,000, it turned into \$4300. I don't know if there was any signed documentation. The issue here is if they are going to put the program out there, he'd like to see them funded at the level that they were promised.

Rep Froelich made a Do Pass Motion

Rep Brandenburg seconded the motion

The Resolution Passed Unanimously on a Voice Vote

Date: 3/15
Roll Call Vote #: 1

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

House Agriculture

Committee _____

Check here for Conference Committee

Legislative Council Amendment Number 4015

Action Taken Do Pass

Motion Made By Rep Froelich Seconded By Rep Brandenburg

Representatives	Yes	No	Representatives	Yes	No
Chairman Dennis Johnson			Tracy Boe		
Vice Chair Joyce Kingsbury			Rodney Froelich		
Wesley Belter			Phillip Mueller		
Mike Brandenburg			Kenton Onstad		
Craig Headland			Benjamin Vig		
Brenda Heller					
John D Wall					
Gerry Uglem					

Total (Yes) X No _____

Absent _____

Floor Assignment Rep D Johnson

If the vote is on an amendment, briefly indicate intent:

unanimous voice
consent calendar

REPORT OF STANDING COMMITTEE

SCR 4015: Agriculture Committee (Rep. D. Johnson, Chairman) recommends DO PASS and BE PLACED ON THE CONSENT CALENDAR (10 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SCR 4015 was placed on the Tenth order on the calendar.

2007 TESTIMONY

SCR 4015

Address Mr. Chairman, Senator Klein and gentlemen of the committee

Thank them for the opportunity to testify in favor of 4015

Information packets- distribute and explain

Farm bill of 2002 created the CSP. For many farmers the CSP was the impetus to look at conservation of natural resources seriously. Many said, "Finally we have real incentives to be conservation minded."

Personally, I was thrilled when I learned that many of the conservation measures that I wanted to implement on my farm but could never afford would now become affordable due to the incentive payments that were available.

I applied to enroll in the CSP as soon as it became available in my watershed and was told that due to a shortage in funding that I would have to take a 20-25% reduction in my first payment. At that same time I was also told that after the first year there would be no further limitations to the payments- that all the money was appropriated. And that my contract would be honored.

I have since learned that this information was completely false.

What I have learned is this:

- 1) Appropriations to fund the CSP are on an annual basis contrary to what I was told
- 2) There is no guarantee that any funds will be made available in a particular year
- 3) Even though participants may be paid only a portion or perhaps not even paid at all, those participants are expected to fulfill completely the conservation measures outlined in the contract. This would be like telling a plumber to come fix your problem and then when he is finished you might pay him. No one is allowed to operate this way- why should the NRCS be allowed
- 4) Since the CSP was conceived about 4.3 Billion dollars have been diverted from it into other programs within USDA. **Draw their attention to page 3 of handout 4**

Full funding of the CSP is an absolute necessity and this is the first of three areas that I urge you to support in your consideration of 4015 and hopefully USDA will no longer be allowed to use these funds as a soft money or slush fund.

Secondly, I would like to bring your attention to the questionable administration and implementation of the program.

I have already outlined one of the areas of mis-information in this presentation when I mentioned the false statements about future funding. Please allow me to bring out a few more.

- 1) During the sign-up period there was a lot of confusion on the part of field office staff. It was completely common to ask a question in one county, ask the same question in another county and get not only different but conflicting answers. And this is still happening to this very day. Case in point- some participants are being told that they will receive full payment when funds become available- this is common in Sheridan county- I live in Wells county and have been told on three separate occasions that the amount of my continuing resolution limit will never be paid. In my case the CRL amounts to \$8500. 6370
- 2) It seems that there is an inverse correlation between the number of acres enrolled in the program and the size of the reduction in payment. ie smaller producers take a bigger hit. I have asked repeatedly for the formula that is used in determining the payment reductions and nobody knows what this formula is nor do they no how it was determined and nobody knows who decides when the formula is enacted. CONFUSION
- 3) One more--- There are several enhancements in the CSP that are designed to improve wildlife habitat. I happen to be enrolled in two of them. The first is an enhancement where I leave a percentage of my crop stand as a food plot for wildlife and the second is similar. I leave some native hayland uncut for wildlife cover. In December of 2006, when I was asked to bring in my paperwork to certify that I had done these enhancements, I was asked to draw them out on the maps and define specifically which areas had been left unharvested or uncut. When I came back in to the county office in January I was told that these were enhancements that should have been done in 2007 rather than 2006 and as a result I would not be paid for doing them. Meanwhile, in the neighboring county to the west, those farmers were notified in early September that they didn't need to do those same enhancements. Now this might sound like ineptitude on the part of the office staff in my county but that is not the case at all. I was present when the staff person in my county was on the phone with his superior in either the district or state office discussing which year these enhancements were to be started. Another example of confusion and conflicting information at all levels of NRCS and another reason I urge you to lend your support to 4015.

Finally let us draw our attention to the third part of this resolution. Compensation for damages. In this area I would offer two examples to illustrate the nature of damages caused by the faulty administration of a government program.

- 1) I'd like to refer back to the example I just used about the wildlife enhancements where I was not paid for an enhancement even though I had complied completely with the provisions of the contract. The amount of payment I was to receive for the food plot was about \$2100; and for leaving the hayland uncut the payment should have been \$1500. However at this point in time the unharvested grain is ruined and the uncut hay is worthless. Had these two crops been harvested in season they would have given me an additional \$3-4000 income.
- 2) Being that I have not been paid as outlined in the contract my cash flow has been disrupted, I've been forced to delay payment of an operating note bringing about a substantial increase in interest expense, and my credibility at my lending institution is greatly diminished. It is very difficult to put a value on personal credibility but I know that this incident will have far reaching effects on my future ability to obtain operating capital.

Gentlemen, it would be a great dis-service if USDA & NRCS were allowed to continue to administer the CSP in the manner that they have demonstrated thus far and they need to be called to task. It would be a dis-service to individual producers who want to be good stewards of our natural resources, it would be a dis-service to the ecology and above all a dis-service to the taxpayers of this country who are funding a truly good program that is being handled poorly.

I strongly urge you to consider all of these factors and to vote in favor of resolution 4015. Thank You

If any questions I'll attempt to answer them

11 January, 2007

Dear Senator Klein,

The purpose of this letter is to alert you to a situation that is happening to farmers in the Upper Sheyenne watershed and in watersheds all across the country. The Upper Sheyenne watershed encompasses the northwestern corner of Wells county, roughly half of Sheridan county, large portions of Pierce and Benson counties and small areas in McHenry and Eddy counties. As you know, the Farm Bill of 2002 made a substantial commitment to conservation with the Conservation Security (CSP) provisions of the bill. The program is being administered poorly and in some respects is discriminatory against the smaller operator. CSP participants are being given inaccurate information and - depending on which county you live in - seem to be receiving conflicting information with regard to the actual rules of the program. Employees working in the county offices admit to confusion during the sign-up periods.

Between the Christmas and New Year holidays information became available telling us (the holders of CSP contracts) that there would be a reduction in payments due to budget constraints. Once again there is confusion and conflicting information coming out of the county NRCS offices as to how these payment reductions are being determined.

To give you an idea of the severity of the reductions and the scope of the misinformation, I will give you a few numbers that apply to my own CSP contract. In mid December when I completed the paperwork to document my compliance with the program, I was assured that my payment would be \$13450.00. At that time I was asked to define which particular acres had been left to stand over winter for wildlife food plots, which acres were left for wildlife habitat, (native herbaceous cover) along with providing my records for field scouting to reduce the use of pesticides, etc. I was told that all of my paperwork was in order, my payment would be processed, and I could expect payment shortly after the New Year.

On January 9th I received a call from the NRCS office in Fessenden asking me to come in to sign the paperwork for my payment of \$440.00 This is about 3% of what I was promised less than one month earlier!!

Needless to say I was shocked and set out to investigate the discrepancy. I visited with other contract holders in Wells and Sheridan counties and learned every one of them had received conflicting information. Some were told to expect 25% of their payment now and the balance in July 2007, others were told to expect 25% now and an amount to be determined later- possibly in July- and some were told that most of the moneys we were promised would never be paid.

In addition to the payment reduction fiasco, it has come to my attention that those who left wildlife food plots were given erroneous information and consequently will not be paid for the crop that was left standing in the field, plus we were not allowed to harvest it. In other words, we took a loss twice on the same acres because of slipshod administration of a farm program. In my case alone, that single item cost me roughly \$4200.00 (2100 in lost CSP payment and an additional 2100 in crop that stayed in the field). There are additional scenarios on my operation where similar losses were incurred.

I realize that all of this information is about a farm program on the federal level. My request of you is that the ND Senate draft a resolution to Secretary of Agriculture Johanns, urging him to 1) restore full funding to the Conservation Security program, 2) clear up the problems in the administration of the program, and 3) compensate people such as myself for damages that were caused due to the lack of clarity in the general provisions of the program. In addition, contact should be made with our US Congressional delegation and especially Senator Harkin of Iowa who had much to do with authoring the Conservation Security to inform them of the messy situation.

I realize that all of this information is a bit confusing. I would be happy to meet with you in person to help clarify, and also to document the information that I've provided.

I thank you for your attention to this matter and look forward to hearing your reply.

Jeff Faul

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