

Testimony

Randall Spronk

Pork Producer, Edgerton, Minnesota

on behalf of the

National Pork Producers Council

Before the

Senate Committee on Agriculture, Nutrition and Forestry

Implementation of the Conservation Title of the 2002 Farm Bill

June 7, 2006

Washington, D.C.

INTRODUCTION

Good morning, Chairman Chambliss, Ranking Member Harkin and Members of the Committee. I am Randy Spronk, a pork producer from southwest Minnesota. My family and I operate a farrow to finish hog operation, and we raise corn and soybeans. My family also actively works with many farmers in our part of the state, raising hogs on a portion of their farmland and in return providing them with high quality manure that helps them increase crop yields and lower their fertilizer costs. I am also a proud member of the National Pork Producers Council (NPPC) and serve on its Environment Committee as its chair, and I am this morning representing the U.S. pork industry. We are very grateful to you and the Members of this Committee for holding this hearing and for this opportunity to provide you with our views on the implementation of the Conservation Title of the 2002 Farm Bill.

We know the members of this Committee understand better than anyone the significant economic contribution that pork producers make to the U.S. agricultural sector. Pork producers' farm gate receipts were approximately \$15 billion in 2005, representing almost a quarter of the value of meat animals produced by US farmers, and slightly more than 10% of the total farm gate receipts received by all farmers. Pork producers, along with the other livestock and poultry producers, are the single biggest customers for U.S. feed grain producers, and our single largest expense, by far, is the feed we purchase for our animals. It is without a doubt that pork producers are strong and vital contributors to value-added agriculture in the US, and we are deeply committed to the economic health and vitality of our businesses and the communities that our livelihoods help support.

Just as importantly, though, pork producers take a broad view of what it means to be environmentally responsible farmers and business people, and we have fully embraced the fact that our pork producing operations must protect and conserve the environment and the resources we use and effect. We take this responsibility with the utmost seriousness and commitment, and it was in this spirit that our producer members made a major commitment to the Conservation Title of the 2002 Farm Bill.

We were proud of how our commitment helped support in 2002 this Committee's and Congress' efforts to dramatically increase funding for conservation programs, particularly for the Environmental Quality Incentives Program (EQIP). The re-emphasis given in the 2002 Farm Bill ensured that EQIP be directed toward helping farmers deal with their top federal and state regulatory challenges. We looked forward to enthusiastically participating in the EQIP

program to help us continue to improve our environmental performance and meet and/or exceed any state or federal regulatory requirement.

While our support for these programs continues today, I must tell you that the nation's pork producers overall have been sorely disappointed by the EQIP program's failure to make more than a minimal contribution to our ongoing environmental efforts. This failure has not been universal and we can point to some specific successes for some pork producers. But overall, the record is clear and we think that the EQIP program is missing a tremendous opportunity to have a dramatic effect on the environment by failing to work with many of our producers who are ready to take their performance to the next level. We reported during Congressional hearings on this topic in May and June 2004 that relatively little financial assistance was being provided to the nation's pork producers through the EQIP program in 2003. As I will outline below, this disappointing pattern continued into 2004 and 2005. The bulk of our testimony addresses the EQIP program, covered by the 2002 Farm Bill, and provides some of our observations regarding why the Program has underperformed for us. But, first, I would like to address some of our critical environmental challenges and the approach and perspective that pork producers bring to this work.

INCREASING THE LEVEL OF THE U.S. PORK INDUSTRY'S ENVIRONMENTAL PERFORMANCE

In the early and mid-1990s, pork production in this country was at the tail end of a period of intense and major changes in pork operations' size, type of production, geographic distribution, marketing, and contracting arrangements. Economics, competition, and the need to produce for and sell in a global marketplace drove these changes; it is a long and complicated story with many facets and implications. I will not go into this entire history today, but you may wish to revisit NPPC's testimony given by Mr. Jim Moseley before this Committee in April 1998, (prior to his appointment as the Deputy Secretary of Agriculture). His testimony gave a thorough accounting of the challenges we faced, at that time, and how pork producers had begun to aggressively address these issues.¹ I want to highlight some of these events that have particular relevance to protecting water quality and the subject of today's hearing.

¹ "Testimony of Jim Moseley on behalf of the National Pork Producers Council Concerning Animal Waste Management before the Senate Agriculture, Nutrition, and Forestry Committee"; April 2, 1998. See:

http://agriculture.senate.gov/Hearings/Hearings_1998/moseley.htm

All of the changes being experienced in the hog industry in the 1990s also brought some specific new challenges regarding managing, treating, storing, and using our animals' manure. The newness of their systems, producers' evolving familiarity and surety with how to best operate and manage them, and some really tough hurricane or tropical storm-related rainfall and flooding conditions, contributed in the mid-1990s to a handful of large and catastrophic releases of manure to water. These incidents, along with similar incidents around the country and certain court decisions involving livestock agriculture, were dramatic wake-up calls for us. Fortunately, we heard those calls and decided we had to help pork producers do a top-quality job of using the best science, technology, and practical know-how available to us to work to keep manure out of water, even under tough or extreme weather circumstances. We should have seen the water quality problems of the 1990s coming, and as an industry, we know that we could have done better. We do not intend to let it happen again.

In addition to recognizing this need and making this commitment, pork producers also made a major shift in policy direction. We concluded that as an industry we needed to support and actively embrace a national set of water quality regulatory standards and guidelines that were sound, science-based, practical, and effective. We knew that our primary manure management systems, whether anaerobic lagoons or slurry storage facilities, could perform to the highest levels of water quality protections, a fact that's been borne out in the last several years by the rarity over this period of direct releases of swine manure to creeks, rivers, streams, lakes, and estuaries. For example, in the 2004-2005 year (July 1 to June 30) the two largest swine producing states, Iowa and North Carolina, had between them 35 discharges from approximately 8000 swine manure treatment or storage facilities. On average, less than one-half of one percent of all these facilities had a discharge. Our producers take great pride in these kinds of accomplishments, as they should, particularly when it is compared with the figures for the same period for other point source dischargers like municipal waste water facilities.²

But back in 1997, pork producers knew that without sound national standards, we would have a hard time achieving the kind of results reported for 2004-2005. More importantly, we feared that without national standards we would end up trying to operate under an extremely variable set of local and state standards, without assurance that these standards were rooted in sound and practical science. We feared that such a regulatory system would make it impossible to sustain hog production in the U.S. The first, most visible element of our

² For example, over this same period, municipal sewage treatment facilities in North Carolina had had approximately 2000 incidents of the discharge of human sewage into North Carolina's waters.

commitment was to actively support and participate in the 1997 National Environmental Dialogue on Pork Production.

At the core of pork producers' interest in the Dialogue was our conviction that if we were to embrace water quality regulations, those regulations must be as uniform as possible to support a level playing field geographically and across hog operations of all sizes. Looking back on the Dialogue in 1999, Mr. Glen Keppy (currently serving as Associate Administrator of the United State's Department of Agriculture's Farm Service Agency (FSA)), a pork producer from Iowa, past NPPC President and Dialogue participant, said:

Through better and open communication, I believe that local and federal governments, conservationists, producers, and trade organizations can help insure an environmentally enhanced and viable livestock industry. For that reason, I was a member of the National Environmental Dialogue on Pork Production. It was composed of pork producers, county and state government officials, and special interest groups. We conducted a series of 12 meetings and discussed how we could work together to develop a blueprint for a level playing field so that producers could continue to produce pork in a manner consumers and environmentalists were comfortable with. You have to include everybody when you have a dialogue. You cannot just talk among yourselves³.

The Dialogue's participants included federal officials from the U.S. Environmental Protection Agency (EPA), the U.S. Department of Agriculture, heads of regulatory agencies from six states, and five pork producers. They met for a total of 24 days over the course of 9 months to visit farms and research institutions, and to share their experiences and perspectives. Public listening sessions were held to gather information and views from concerned citizens and scientific experts.

The Dialogue was an intense and extremely difficult process for pork producers. Nothing of this scope, magnitude, and environmental and business implications had ever been attempted before in our industry. It was path-breaking work, and it was hard. Hardest of all was to sit and listen to vehement critics of the U.S. pork industry. As they voiced their concerns and issues, pork producers understood that these views were sincerely held. Producers believed just as strongly that these views were often based on fundamentally incorrect understandings of modern U.S. pork production and pork producers. Producers also knew that if they did not listen to their critics, they could not get to the core of addressing the industry's water quality issues, nor could they restore their standing within their own rural communities. Some environmental groups chose

³ "Emerging Issues in Public Policy: Highlights of the 1999 National Public Policy Education Conference"; St. Paul, Minnesota, September 19-21, 1999; Page 25; Farm Foundation, (<http://www.farmfoundation.org/pubs/emerging/99emergingissues.pdf>).

not to participate in the Dialogue, and some participated and then chose to pull out when it became clear that the Dialogue was not a forum to pursue the elimination or substantial diminishment of the modern US swine industry. In the end, in spite of challenges, the aggressive policies and provisions proposed by the Dialogue and subsequently endorsed by pork producers has served as the foundation and guiding principles for our work with communities, state and federal regulators.

Today, the policies and provisions articulated in the Dialogue have their direct counterparts in the state regulatory programs that emerged in the late 1990s and in the proposed federal Clean Water Act (CWA) Concentrated Animal Feeding Operation (CAFO) rule that the EPA released in 2003 (the 2003 CAFO rule). The 2003 CWA CAFO rule made the most fundamental changes in 30 years to the federal CWA program for animal agriculture. EPA estimated that more than 5,400 swine operations would be required to get a permit under the 2003 rule and that the costs to swine producers for complying with the requirements would be approximately \$348 million over 10 years⁴. A significant part of these costs came from brand new federal requirements about applying manure to land. Producers were required to develop and use a nutrient management plan (NMP) and adopt specific land application management and conservation practices. Given that the swine CAFOs likely to be subject to the new CAFO rule had a land base for manure application of more than 2.6 million acres, these regulatory requirements had enormous implications for the management of farming resources.⁵

This year, EPA is revising the 2003 CAFO rule because of a landmark federal court decision in 2005, applicable nationwide, that found key provisions of the 2003 rule to be illegal. NPPC and other agricultural and environmental groups had brought several lawsuits against EPA when the 2003 rule was issued. All of these suits were consolidated into one case before the New York based U.S. Court of Appeals for the Second Circuit (*Waterkeeper Alliance, Inc. v. EPA*). The most important aspect of the *Waterkeeper* decision is the point that NPPC argued—that the Clean Water Act National Pollution Discharge Elimination System (NPDES) program regulates the discharge of pollutants to water, but it does not regulate the potential to discharge, as EPA had proposed for CAFOs. The CWA does not require CAFOs to get NPDES permits simply based on a potential to discharge, nor could CAFOs be required to demonstrate that they did not have such a potential. Only CAFOs that are discharging could be required to get a CWA NPDES permit. The Second Circuit agreed.

⁴ EPA estimated the annual pre-tax costs for the final CAFO rule for large and medium CAFOs to be \$34.8 million. Applicable time period assumed here is 10 years, or a total of \$348 million. See Federal Register, Volume 68, Number 29, Page 7243m, Table 8.1.

⁵ Confined Animal Production and Manure Nutrients--Noel Gollehon, Margriet Caswell, Marc Ribaud, Robert Kellogg, Charles Lander, and David Letson Agriculture Information Bulletin No. (AIB771) 40 pp, June 2001. See Table 2. (<http://www.ers.usda.gov/Publications/aib771/>)

NPPC's position before the Second Circuit should not be misunderstood, nor the *Waterkeeper* decision, as diminishing the 2003 CAFO rule's water quality protections. Under the *Waterkeeper* decision, all CAFOs still **must** prevent discharges of manure to water from their animal production areas, and they **must** still adopt sound and prescribed best management practices for the application of manure to land they own or control, including all records that demonstrate this is being done. Failure to do these things potentially subjects the CAFO to civil penalties of up to \$32,500 a day and criminal enforcement action. This is especially the case if the CAFO is operating without a CWA NPDES permit. Even if swine CAFOs choose **not** to get a federal NPDES permit, they will still choose to protect water quality through the prevention of direct discharges and the adoption of sound best management practices.

We believe that the *Waterkeeper* decision has resulted in the best of all possible regulatory worlds. First, we have clear and unequivocal national water quality protection standards that **must** and can be met by our producers and that will protect water quality. Second, producers can decide for themselves whether they meet these standards with or without a federal NPDES permit. Many of the dead-weight costs, as they are dubbed by economists, that come with a permitting program are thereby avoided, particularly the time and expense for the agency staff and the CAFOs of developing, managing, updating and revising the paperwork – without sacrificing water quality! This was the approach NPPC and pork producers advocated coming out of the National Environmental Dialogue on Pork Production, and today we believe it is still a sound approach.

Pork producers have worked hard at this and our other environmental issues and we are proud of what we have accomplished. And like anyone else, we are somewhat embarrassed by, but also greatly appreciate, when that work is recognized, as when US Environmental Protection Agency Administrator Steve Johnson addressed NPPC's annual meeting earlier this year. Administrator Johnson said:

I also want to compliment you on the way you have responded to your environmental challenges in general ... (and) the great work your environment committee is doing ... not only to address the issues of today, but also to meet the opportunities of tomorrow. The implementation of the CAFO rule, your efforts on advanced manure management, and your support for sound and practical regulatory requirements are but a few of the issues you are addressing. I encourage you to keep at this progressive, pro-active approach.⁶

⁶ Administrator Johnson, 2006 National Pork Industry Forum, Kansas City, MO; March 3, 2006. See:

<http://yosemite.epa.gov/opa/admpress.nsf/a162fa4bfc0fd2ef8525701a004f20d7/25e0a1bef216f58d8525713a00766bff!OpenDocument>

Mr. Chairman, I would be remiss if I did not bring your attention to one final important note. Our nation and the agricultural community have turned their considerable skills and talents to dealing with the issue of foreign oil dependence. As a sector, we have a long way to go, but I am highly pleased to report that pork producers are making a major contribution to energy independence through the aggressive and efficient use of manure as a source of crop nutrients. Throughout my part of the country and with essentially all of the corn producers with whom I work, demand for manure and its nutrients far exceeds the supply. This is being driven by the high price of commercially available nitrogen fertilizer. Depending on the nitrogen fertilizer being used, in the Corn Belt the per finishing hog fertilizer value of the manure is today estimated to be approximately \$1.50 to \$3.50 per head. This is a powerful incentive for energy conservation and efficiency, and everything I know about corn production in my part of the country leads me to believe this hog manure is being substituted for commercial nitrogen fertilizer as a result. That is a lot of energy savings, and I think this should be considered more closely as an option to really help agriculture increase its foreign oil energy independence.

EQIP PROGRAM AMENDMENTS

NPPC and its pork producer members worked hard during the 2002 Farm Bill process, along with other livestock groups, to ensure that the EQIP program was well-funded and structured so that it could help our operations. When the 2002 Farm Bill was being developed, we were alarmed by the scope and cost of some ill-advised and inappropriate water quality regulatory measures that were proposed as part of the 2001 CAFO rulemaking process. We also knew that producers needed, or were going to need, help in adopting effective air emissions reduction or mitigation practices and technology, and wanted to ensure that the EQIP program was available to do that. Our producer members and many Members of Congress believed that the amendments made to EQIP in the 2002 Farm Bill sent a very clear and strong message that EQIP assistance must be made available for that purpose.

Furthermore, NPPC supported the 2002 amendment to the EQIP program that defined Comprehensive Nutrient Management Plans (CNMP) for livestock operations and made them specifically eligible for EQIP financial assistance. The 2001 proposed CAFO rule had included a requirement that permitted CAFOs to implement a nutrient management plan (NMP). The proposed rule also made clear that a CNMP prepared to USDA Natural Resource Conservation Service (NRCS) standards would meet most, if not all, of the NMP requirements. We had hoped that the EQIP program would be able to help pork and other livestock producers get CNMPs for regulatory compliance purposes. NPPC knew that a sound NMP or CNMP would be extremely helpful in protecting water

quality when applying animal manure to land. This position was fully consistent with the positions taken in the National Environmental Dialogue on Pork Production, and USDA-NRCS had clearly agreed with this view in the late 1990s. When the previous Administration issued its Clean Water Action Plan and the Unified AFO Strategy, the promotion and adoption of CNMPs by animal feeding operations of all sizes was the centerpiece of those plans with regard to agriculture and water quality.

When the 2003 CAFO rule was issued, some of the most ill-advised manure management technology requirements were removed because the EPA found them to be unsupported by the data when judged by the standards set under the Clean Water Act's effluent limitations guidelines. Even so, pork producers were expecting to face critical challenges to ensure that they had the equipment and capability to apply manure to great amounts of farmland to meet the rule's agronomic balancing of phosphorous requirements, to apply their manure at lower and more precise rates, and possibly to upgrade their manure storage facilities in certain instances to properly and completely support the new land application requirements. It was NPPC's assumption that pork producers needing financial assistance to adopt these technologies and practices would be able to get that through the EQIP program.

EQIP IMPLEMENTATION RESULTS

Overall, despite the amendments made to the EQIP program discussed above and pork producers' active participation in several states with State Technical Committees and the related EQIP program development processes, the Program has failed to provide much more than a minimal contribution to pork producers environmental efforts. We first detected these trends in the data for the 2003 program year and did a thorough review of several hog producing states' EQIP programs to determine the source of the problems. We found no single factor responsible for this, but rather multiple impediments and program features that collectively lead to the EQIP program not working for pork producers.

In 2004, we presented these findings and concerns to NRCS Chief Bruce Knight and his staff and provided them with a set of recommendations that we believed should be considered to help correct this situation. We were encouraged when NRCS headquarters, under the Chief's leadership, developed a set of action items in response to our concerns, and that were sent to the NRCS State Conservationists. There were responses in states as well, where they moved to the use of a state pool of funds, created more incentives for CNMPs, and created additional opportunities for pork producers to engage with NRCS. In the end, unfortunately, allocations did not change, as shown by the following data. I will discuss the data and then turn to some of the reasons we believe that this disappointing outcome persists.

Using NRCS data and our own estimates, we calculate that approximately \$1.98 billion in cost share assistance has been provided by the EQIP program to both crop and livestock producers between 2003 and 2005. Of this amount, approximately \$1.26 billion or about 63% of the total was provided to livestock producers. This percentage is consistent with the 2002 Farm Bill's amendment requiring EQIP to provide at least 60% of its funds to livestock and poultry. As we discovered in 2004, looking back at the 2003 program year, pork producers received about 3% of the cost share assistance provided to all livestock producers that year, less than the share provided to goat, emu, ostrich, elk, bison etc. producers (the "other" category). Despite our work and that of NRCS headquarters referred to above to address this issue in 2004, essentially the same result occurred in both the 2004 and 2005 program years.

Figure 1: EQIP spending under the 2002 Farm Bill on all livestock, 2003 to 2005 and total over that period, by species

Species	2003-2005 \$	'03-'05%	2005 \$	'05%	2004 \$	'04 %	2003 \$	'03%
Horses	\$7,147,193	1%	\$0	0%	\$4,421,244	1%	\$2,725,949	1%
Sheep	\$16,858,540	1%	\$8,883,826	2%	\$4,522,929	1%	\$3,451,785	1%
Swine	\$43,061,095	3%	\$17,582,432	4%	\$14,569,213	3%	\$10,909,450	3%
Other	\$46,002,475	4%	\$18,867,510	4%	\$15,459,060	3%	\$11,675,905	4%
Poultry	\$73,275,499	6%	\$32,524,429	7%	\$25,645,002	6%	\$15,106,068	5%
Dairy	\$248,745,439	20%	\$91,143,643	18%	\$88,806,934	20%	\$68,794,862	22%
Beef	\$825,055,530	65%	\$327,827,898	66%	\$296,134,316	66%	\$201,093,316	64%
total	\$1,260,145,771		\$496,829,738		\$449,558,698		\$313,757,335	

These numbers and percentages for swine improve when you focus in on major swine producing states, although the results are still relatively disappointing. For example, in the 2004 program year in eight states that account for 80% of US pork production (Iowa, North Carolina, Minnesota, Indiana, Illinois, Missouri, Nebraska and Oklahoma) pork producers received approximately 5% of all EQIP cost share assistance funds, and of the EQIP funds that went just to livestock that year, swine's share was 9%. An improvement, yes, relative to the national figure of 3%, but this strikes us still as a significant under-investment in the environmental practices of pork producers under the EQIP program.

For those Members of the Committee here from these states, our calculations of the percentage of EQIP cost share funds for all livestock going to each of these states' pork producers in 2004 are as follows: Iowa, 13%; North Carolina, 11%; Minnesota, 7%; Indiana, 22%; Illinois, 5%; Missouri, 17%; Nebraska, 4%; and Oklahoma, 1%. When the data is broken out in this manner, we can begin to see some developing bright spots. In 2005, preliminary state data indicate that in Indiana the share of funds going to EQIP practices for swine operations jumps to

a very strong 37%. Among the many things we will be doing next is looking closely at Indiana to see how this kind of performance is being achieved.

Preliminary Assessment of Reasons for these Results

NPPC has now undertaken, for these and other states with significant levels of hog production, a detailed review of how the EQIP program performed and why it performed the way it did. We hope to have the product of this work in a few months. Our review will include special attention to those states' whose share of EQIP funds for swine producers indicated that the program was performing more as we think Congress, and certainly pork producers, had hoped and expected. We will provide the Committee with the results of our work and we hope it will allow us to formulate some concrete recommendations for the EQIP program in the upcoming farm bill discussions. While it is therefore premature for us to offer you any specific recommendations now, particularly since the next farm bill is not the topic of this hearing, NPPC believes that we can offer some general observations as to why the EQIP program's performance for pork producers has been so disappointing. These observations are derived from the review we did of the EQIP program implementation in 2004 and our ongoing efforts to understand and work with the program since that time.

1. Pork producers' EQIP applications appear not to be ranking well because they have already invested in the core elements of a sound manure management systems—Pork producers' commitment, that grew out of the 1990s and into the early part of this decade, to dealing with their manure management and water quality problems, along with the strong state regulatory and permitting programs in many hog states that have been focused on pork producers, means that most pork animal feeding operations have good quality manure treatment or storage facilities and nutrient management plans as specified by their states. When ranked in the EQIP process and compared to other animal feeding operations' systems, pork applications may not provide as much new improvements since those basic elements of a manure system are needed by the other operations. This may be particularly true in some states where pork producers may only need and be applying for a single element of a manure management system, while other applicants are looking for a complete system, with the attendant increase in their ranking score. While this appears reasonable to consider among applications involving confined animals, it seems less relevant when pork applications might be ranked against those for cow-calf grass operations – a category of recipient that receives far more EQIP funding assistance than other species and categories. In general, pork producers cannot but help to react to this information as if they are being penalized for having been environmental pioneers and leaders in the previous ten years.

2. Cost share assistance is not generally available for mobile equipment in the EQIP program—USDA conservation cost share programs generally prohibit providing cost share funds for equipment that is highly mobile due to concerns that there is too great a potential for that equipment to not be used by the cost share recipient, and that this is too hard for NRCS to monitor. One of pork producers' greatest needs is for new, expanded, and more precise manure utilization equipment to aid efforts to apply their manure to more crop acres, and much of this equipment is mobile. Some states are exploring whether a 3-year incentive payment can be used to assist in this area, but this has been only slowly developed in a limited number of states and remains poorly understood in NRCS field offices in those states working on this.
3. If EQIP funds were allocated to counties for final application approvals, the monies available in these counties proved inadequate to cover more than a one or two modest sized EQIP contracts—Several states made EQIP funding decisions for animal feeding operations out of a state pool of EQIP funds. But several states also give their counties the authority and funds to make these decisions at the local level, but in these cases the amount of EQIP funds allocated to counties is often insufficient to fund more than one or at best a few manure management or utilization contracts. Pork producers, seeing this, rarely submitted applications in such circumstances as the cost of preparing an application is significant and they were all but guaranteed to be denied.
4. NRCS's major commitment to promoting the use of CNMPs is not yet adequately reflected in the EQIP program in many states—As stated earlier in this testimony, NRCS has over the last several years made a major commitment to supporting the development of Comprehensive Nutrient Management Plans (CNMPs) by animal producers. But in several concrete and practical ways, this commitment is not yet well integrated into several states' EQIP programs. Several states still do not offer an EQIP incentive payment for CNMPs, relying instead on producers being able to assemble the parts of a CNMP on their own in an EQIP application. This is particularly striking since Congress explicitly amended EQIP in 2002 to make a CNMP a practice eligible for financial assistance. Other states offer an EQIP incentive payment designed to pay producers a share of the total costs, but they offer it at a level that represents maybe 10 to 20% of the cost of a CNMP that contains all of the required elements. Others offer a sound CNMP incentive payment under EQIP but do not have the agency staff available to do these CNMPs and have failed to support producers that are more than willing to turn to private sector technical service providers (TSPs) to do this work. For more on TSP's see the discussion under number five, below.

5. Insufficient EQIP funds have been made available to support farmers' use of technical service providers (TSPs) to acquire CNMPs— Nationwide in 2005, less than \$3 million was made available from EQIP funds to support the use of TSPs with livestock producers. We do not yet know how much of these funds went to CNMPs that meet the applicable NRCS standards, but anecdotal evidence indicates that more of these funds are being used to do engineering design and engineering support for implementation, and less for CNMP planning work. Several hundred pork producers were given EQIP contracts in a major hog producing state in 2004 for the specific purpose of developing a CNMP, but only enough EQIP funds were available to support the TSP development of CNMPs for three plans. Despite this fact being brought to NRCS's attention, no net increase in EQIP funds was provided by headquarters to this state for the purpose of getting TSPs to work on this backlog of CNMP contracts.
6. There can be a tremendously long lag time between when decisions are made and policies changed in a state NRCS office and when that new policy gets adopted in the field—Even when pork producers are successful in working at the state level with NRCS through the State Technical Committee process to get a major program improvement, such changes are not automatically reflected in the practices and approaches used by field people working with EQIP applicants. In one major hog producing state, pork producers had successfully worked with NRCS for program year 2005 in establishing a workable incentive payment rate and practice for advanced manure utilization on a modest amount of acres per farm – only to find that local staff did not yet understand the practice or how it could be included in an EQIP application, and were generally unable to work with producers to apply for this assistance. This may or may not be corrected by the next program year, and it appears often to take several iterations back and forth between the state office and the field office to get these changes right. In the meantime, producers get lost in the confusion and in frustration can turn away from EQIP.
7. NRCS field and area personnel often have insufficient understanding of today's pork operations to work effectively with pork producers – or they simply lack the time to do so—The changes in pork production and manure management systems have been so great and rapid over the last 15 years, and the historical working relationship between NRCS field staff and the newer generation of pork operations so limited, that producers consistently find the NRCS field staff have an inadequate understanding of their operations to really be able to help them do a successful EQIP application. Many of these field staff certainly have the ability to pick this up, but they lack the time to do so, and perhaps as the result of that or

also because of other pressures, lack the inclination to invest themselves in what needs to be learned.

8. There is a lack of effective and economical air emissions mitigation technologies and practices that EQIP can support—Many pork producers are actively looking to adopt practical, effective measures to reduce their emissions to the atmosphere of particulate matter and other aerosolized substances from manure and animals. They are also actively looking to adopt practices that reduce the odors of their hog facilities. In several states, EQIP does make incentive payment and cost share payments for some of the technologies that are currently in place – but ultimately many of these technologies are so expensive that even at a 75% cost share rate they are not economical, let alone at the 50% rate that is prevalent today in EQIP. EQIP is clearly not the source of this problem, and simply points the way towards the need for even greater levels of research and development in this area, something the pork industry has long heavily supported, financially and otherwise.

Mr. Chairman and Members of this Committee, these observations are preliminary and far from conclusive, but they are based on NPPC's close work in many states with producers who are trying to make the EQIP program work and reflect our best professional judgment. We hope that our further and more detailed review of these issues, referenced above, will lead to better and more firm observations and conclusions.

On behalf of the National Pork Producers Council and the many pork producers we represent and support, we thank you once again for holding this oversight hearing and ask for your continued and focused attention on the matters we have brought to you today. In spite of the troubling and disappointing results we have found with the EQIP program, there are some positive developments to point to, and pork producers continue to want the EQIP program to succeed. The Program holds considerable promise, particularly as we head into a time where producers will need assistance to help them reduce air emissions that are regulated under the Clean Air Act. But I must also be frank with you. The many issues that we have raised to you today weigh heavily on us and have discouraged many of our producer members that wanted to participate in the EQIP program. Many have tried to get EQIP contracts and were rejected for reasons that do not make complete sense. This can happen only so many times before the general perception among producers is that the EQIP program simply does not work for pork producers and is not worth the effort. We do not want this to happen and very much look forward to working with you during the upcoming 2007 Farm Bill discussions to see if program changes and amendments are possible that will address the issues I raised here this morning.

Again, the nation's pork producers are most grateful for your continued leadership on these and other issues critical to U.S. pork producers and the U.S. pork industry, and we look forward to our continued strong working relationship with you and this Committee.