

Testimony of Zach Ducheneaux
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Chair Spanberger, Ranking Member LaMalfa, and distinguished members of the Subcommittee, it is an honor and privilege to appear before you today. To those who I have not yet had the pleasure of meeting, my name is Zach Ducheneaux, and I am the Administrator of the U.S. Department of Agriculture's Farm Service Agency. Prior to coming on board at the Farm Service Agency, I was a third-generation rancher on our family ranch on the Cheyenne River Sioux Reservation.

While this is my first formal appearance before your Subcommittee, over the past year since I was sworn in, I have enjoyed the opportunity to speak with many of you and your staff, along with farmers and ranchers in your districts across the country. I am grateful to have the opportunity to visit with you today and share our vision at the FSA to expand upon our conservation programs.

While folks don't always think of the Farm Service Agency as a conservation-focused agency, our Conservation Division oversees several programs that protect our drinking water, reduce soil erosion, preserve wildlife habitat, restore forests and wetlands, and improve soil health for future generations. Our emergency conservation programs also support producers whose operations are damaged by natural disasters.

I have always appreciated FSA's commitment to voluntary, producer-oriented, working lands conservation. I am committed to maintaining those key pillars of our conservation programs. At the same time, we have a unique opportunity to expand, and in some cases, reimagine these programs to bring in new and diverse partners, better address the climate crisis, build resilience for our agricultural producers, and invest in the long-term health of our land and the producers who care for it.

In my testimony today, I'd like to highlight some of our key conservation programs, along with some of the changes and updates we have implemented since I've become Administrator.

Farm Bill Program Implementation of FSA Conservation Programs

The Conservation Reserve Program (CRP) is one of the largest voluntary private lands conservation programs in the United States. Through CRP, FSA pays producers a yearly rental payment in exchange for removing environmentally sensitive land from agricultural production and planting species that will improve environmental quality and address issues raised by State, regional, and national conservation initiatives. The long-term goal of the program is to reward producers who re-establish valuable land cover, which in turn helps conserve and improve soil and water quality, prevent soil erosion, and reduce the loss of wildlife habitat. Contracts for land enrolled in CRP are generally from 10 to 15 years in length.

There are several ways for producers to participate in CRP, including through our grassland enrollments, our general signup, and our continuous signup. Last year, producers and landowners enrolled 5.3 million acres through CRP signups, including nearly 2.6 million in the grassland signup, nearly 1.9 million acres for the general signup, and 902,000 acres for the

continuous signup (as of September 10, 2021). This year's signup surpassed USDA's 4-million-acre goal.

In accordance with the 2018 Farm Bill, in Fiscal Year 2021, CRP was capped at 25 million acres, and in Fiscal Year 2022, CRP is capped at 25.5 million acres. In Fiscal Year 2023 the maximum acreage enrollment will increase to 27 million acres. Now, despite Congress raising the CRP enrollment targets in the 2018 Farm Bill, there was a decrease in enrollment for the past two years. As a priority last spring, we took a hard look at CRP and made changes to put us on a path to reverse this trend. In order to increase producer interest and enrollment, FSA adjusted soil rental rates where data supported such an adjustment, increased payments for practice incentives, and increased payments for water quality practices. We also added a Climate-Smart Practice Incentive for CRP general and continuous signups to better leverage this program toward climate outcomes, including carbon sequestration. Climate-Smart CRP practices include the establishment of trees and permanent grasses, the development of wildlife habitat, and wetland restoration. The Climate-Smart Practice Incentive is annual, and its amount is based on the benefits of each practice type.

Additionally, we established a grassland CRP minimum rental rate. The grassland CRP program helps landowners and operators protect grassland, including rangeland and pastureland, and certain other lands, while managing these lands under an NRCS-approved grazing management plan that are designed to ensure these working lands provide biodiversity of plant and animal populations and improve environmental quality, while positively contributing to the economy of the region. FSA updated the grassland CRP signup in fiscal year 2021 to establish a minimum rental rate of \$15 per acre that increased rental rates in 1,300 counties across the

nation. FSA also established National Grassland Priority Zones that aim to increase enrollment of grasslands in migratory corridors and environmentally sensitive areas.

Haying and grazing of CRP acres is authorized under certain conditions to, among other things, improve the quality and performance of the CRP cover, or to provide emergency relief to livestock producers due to certain natural disasters. There are two types of haying and grazing authorizations: emergency and non-emergency. Emergency haying and grazing of CRP acres may be authorized to provide relief to livestock producers in areas affected by severe drought or other natural disasters. During the 2021 program year, 1,181 counties in 23 states became eligible for CRP emergency haying and grazing.

Through CRP, producers can also enroll land in FSA's Farmable Wetlands Program (FWP). FWP is designed to restore previously farmed wetlands and wetland buffers to improve both vegetation and water flow. FWP is a voluntary program to restore up to 750,000 acres of farmable wetlands and associated buffers. Participants must agree to restore the wetlands, establish plant cover, and to not use enrolled land for commercial purposes. Plant cover may include plants that are partially submerged or specific types of trees. FSA runs the program with assistance from other government agencies and local conservation groups.

Additionally, FSA announced efforts to enhance natural resource benefits through CRP by moving the highly popular State Acres for Wildlife Enhancement (SAFE) practices from general signup to the continuous CRP signup. Unlike the general signup, producers can sign up year-round for the continuous signup and be eligible for additional incentives. FSA also made Highly Erodible Land Initiative (HELI) practices available in both the general and continuous signups.

Notably, we also expanded both the CRP's Soil Health and Income Protection Program (SHIPP) and the Clean Lakes, Estuaries and Rivers (CLEAR30) 30-year contracts, in addition to investing \$10 million in the CRP Monitoring, Assessment and Evaluation (MAE) program, that will enlist partners and establish an ambitious effort to measure and monitor the soil carbon and climate resilience impacts of conservation practices through soil sampling and testing on land enrolled in over the life of CRP contracts.

The last component of CRP that I'll highlight is the Conservation Reserve Enhancement Program (CREP). CREP targets specific locally-driven conservation concerns, and federal funds are supplemented with non-federal funds. We currently have CREP Agreements in 26 states, and these partner-led efforts are driving important environmental outcomes. In exchange for removing environmentally sensitive land from production and establishing permanent resource-conserving plant species, farmers and ranchers are paid an annual rental payment along with other federal and non-federal incentives as applicable per each CREP agreement. Participation is voluntary, and the contract period is typically 10-15 years.

In a rule published December 13, 2021, FSA updated two discretionary requirements found to be adversely affecting participation in CRP. The first change amended a requirement that CREP partners provide at least half of their matching funds in the form of direct payments to participants. As a result of this change, partners may now provide matching funds in any combination of cash, in-kind contributions, or technical assistance. In the second change, FSA eliminated a 25 percent payment reduction for land required to be in compliance with resource conservation measures or practices required by Tribal, State, or other local laws, ordinances, or regulations. We made this change to increase enrollment of acres under CRP not only through

the enrollment of acres subject to existing state regulations, but also contiguous acres eligible for complimentary practices.

FSA has added three regional staff serving the eastern, central, and western regions to improve the efficiency and effectiveness of engagement with potential CREP partners to promote conservation initiatives. FSA continues to expand outreach efforts to encourage participation across the board in all components of CRP.

Next, I would like to discuss FSA's Emergency Conservation Program (ECP), which helps farmers and ranchers to repair conservation structures and damage to farmlands caused by natural disasters, and to help put in place methods for water conservation during severe drought. The ECP does this by giving ranchers and farmers funding and technical assistance to repair conservation structures and damaged farmland or to install methods for water conservation.

In response to the 2021 drought, FSA expanded its policies to allow financial assistance to livestock producers for portable pumps used to temporarily pump water from available sources. This allowed producers to continue grazing activities when water sources were not safely accessible by the livestock. In fiscal year 2021, FSA allocated a total of \$140.4 million in ECP funds to assist producers in response to weather-related disasters. I will note that unlike CRP, which receives mandatory funding through the Farm Bill, ECP is funded by Congress through discretionary and supplemental appropriations.

FSA also administers the Emergency Forest Restoration Program. The EFRP helps the owners of non-industrial private forests restore forest health damaged by natural disasters. The EFRP does this by authorizing payments to owners of private forests to restore disaster-damaged forests. In fiscal year 2021, FSA allocated a total of \$56.9 million in EFRP funds to assist

producers in response to weather-related disasters. EFRP is also funded by Congress through supplemental and discretionary funding through the appropriations process.

FSA's compliance with the National Environmental Policy Act (NEPA) ensures the agency diligently considers the effect of ECP's and EFRP's restoration activities on the environment. Following widespread damage occurring due to disasters, FSA has streamlined reviews to the maximum extent allowable by law for practices and restoration activities that will not result in ground disturbance, or "above the plow-line." This creates efficiencies in the environmental compliance process for farm and forest land restoration and reduces the time necessary for FSA to approve applications for assistance.

Heirs' Property Relending Program

In addition to programs authorized by Congress that are specifically targeted for conservation purposes, FSA is providing \$67 million to community-based lenders to make competitive loans through the new Heirs' Property Relending Program (HPRP). These loans aim to help agricultural producers and landowners resolve land ownership and succession issues among heirs to enhance their ability to participate in farm programs and the ag economy. Intermediary lenders – cooperatives, credit unions, and nonprofit organizations – can apply for loans up to \$5 million at 1% interest. The first application period closed on October 29, 2021. Selection of successful eligible intermediary lenders is expected to be announced in early 2022.

Through participating community-based lenders, heirs can not only apply for loans, but can also receive critical assistance not typically offered through commercial lenders. Heirs' property issues have long been a barrier for many producers and landowners to access USDA programs and services, and this relending program provides access to capital to help producers

find a resolution to these issues. Heirs may use the loans to resolve title issues by financing the purchase or consolidation of property interests and financing costs associated with a succession plan. This may also include costs and fees associated with buying out fractional interests of other heirs in jointly-owned property to clear the title, as well as closing costs, appraisals, title searches, surveys, preparing documents, mediation, and legal services.

Our efforts to assist heirs in addressing unresolved title issues is vital in removing barriers to historically underserved populations in our farming and ranching community. This in turn makes the programs discussed earlier in my testimony, as well as the other standing and ad hoc Farm Programs, more accessible, bringing in more participants, and yielding more conservation practitioners across the country.

COVID-19 Challenges and Solutions

As the FSA Administrator, I also want to take this opportunity to express my gratitude and admiration for the entire FSA workforce. These are challenging times, and since the pandemic gripped our nation nearly two years ago, and the nearly one year since I came on board, the FSA workforce adapted and overcame many challenges. Not only did FSA administer all of our conventional farm programs and farm loan programs, but we also administered many new pandemic relief and disaster programs authorized by Congress that have provided billions of dollars in support to our farmers and ranchers.

The work we do at FSA is vital, and with the support of our partners in the Farm Production and Conservation Business Center, we developed and executed a plan that allowed our Service Centers to be staffed safely and reliably during the height of the pandemic. To me, the safety and well-being of our employees, along with their families and communities, comes first. So when localized COVID numbers require it, we reduce our in-office workforce, while

continuing to ensure all of the needs of our producers are met through innovative solutions, including telework and new technology. I am proud of the FSA workforce, and of what they have accomplished at home, at the office, and in the fields of agriculture.

Conservation is an integral part of the work we do at FSA. We want to weave the tools and practices of conservation into the DNA of all of our programs so that producers, communities, and our natural resources continue to thrive. Congress is a vital partner in this effort. We value the tools and authorities this subcommittee provides, and in the coming months I look forward to not only reviewing our conservation programs as they are currently administered, but also working together to shape them into the future, as we look forward to the next Farm Bill. Thank you.