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CSP SUCCESS IN OREGON

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Good afternoon. My name is David Brewer and I strongly believe in the value of the Conservation Security Program. Today I hope to tell you a little about where I come from and about our local success with CSP. Then I would like to look back to what things were like twenty years ago in our area and explain some of the events and tools that were used to position growers for successfully applying for CSP contracts in 2005. I will finish with a few thoughts on the future of CSP.

I farm in north-central Oregon just southeast of The Dalles. Our fifth generation family farm is located a hundred miles east of Portland and ten miles south of the Columbia River and Washington State. We live in the rain shadow of the Cascade Mountain range and receive on average twelve inches of precipitation a year with most of that coming during the winter months. Our family has a long history of being early adopters of conservation practices and I cannot imagine operating any other way. Traditionally we have raised soft white winter wheat in a two-year rotation with fallow on slopes up to forty five percent. And I say traditionally because, with the advent of new technology and the greater flexibility allowed in the last couple of farm bills we have changed our rotation to better utilize the moisture we receive and better protect our soil resource. I manage our farm with the belief that our two most limiting and thus valuable resources are our soils and the moisture they receive every year. Since 1996 we have tested some 20 different alternative crops. On ground that is too steep or has soils too shallow to farm we raise cattle.

But you want to hear about CSP. So let me tell you about our watershed and our experience with CSP. Northern portions of Sherman and Wasco Counties that drain directly to the Columbia River along with Hood River County and portions of two counties in Washington were grouped in a CSP watershed named Mid Columbia Hood Watershed. We had the good fortune of being able to apply for CSP contracts during the 2005 sign up. The watershed areas in Wasco and Sherman Counties support predominately dry land wheat and pasture operations with sweet cherry orchards clustered around The Dalles and some outlying areas where irrigation has been developed. Thirty miles to the west in the Hood River Valley farmers raise primarily pears with some sweet cherries. The Washington areas are a mix of pasture and orchard operations.

MID COLUMBIA HOOD 2005 CSP RESULTS				
	Applctns	Cntrcts	FY05\$	Acres
Oregon	250	246	5,153,936	201,456
Hood River	105	105	1,485,366	9,447
Sherman	34	33	1,156,840	56,999
Wasco	111	108	2,511,730	135,010
Washington	8	8	130,149	7,124
Totals	258	254	5,284,085	208,580

In the 2005 CSP sign up, Mid Columbia Hood watershed growers made 258 applications and received 254 contracts with FY05 payments totaling over \$5.25 million. Of these contracts 96% are Tier III Funding Category A as compared to 20% of the national contracts being Tier III in 2005. Mid Columbia Hood Watershed contracts cover 208,580 acres. In the Oregon counties it appears that contracts represent over 68% of the eligible private farm and ranch lands. In my home county of Wasco, the contracted dollars were greater than the total dollars received by 31 states. And Oregon as a whole had the highest percent of Tier III, and at approximately \$19 million, the largest 2005 payment in the nation.

MID COLUMBIA HOOD CONTRACT AVERAGES			
	FY05\$/Cntrct	Acres/Cntrct	\$/Ac.
Oregon	20951	819	25.58
Hood River	14146	90	157.23
Sherman	35056	1727	20.30
Wasco	23257	1250	18.60
Washington	16269	891	18.27
Totals	20803	821	25.33

Wasco County statistics are hard to evaluate because of the mix of orchard, range and dry land wheat production. But if we look at the numbers for Sherman County, which is devoted almost entirely to wheat production, we get a better picture of what these contracts mean to the bottom line for a wheat grower like myself. Sherman County contracts had first year payments averaging over \$35,000, which is a little over \$20 an acre for those farmers. In a commodity business like wheat farming with razor thin margins, \$20 an acre is a huge incentive. In fact, in our operation, 2005 is the first year in awhile that we have seen revenues exceed our total cost of production. In Hood River County, on average, orchard contracts were smaller at just over \$14,000 in first year payments but equaled over \$157 per acre.

From our local perspective this all looks like a huge CSP success story. However 20 years ago it would have been hard to imagine wheat farmers in my neighborhood being in the position they are in today. At that time there was a strong relationship of distrust between growers and the local Soil Conservation staff. Most growers were raising winter

wheat in a two-year rotation with fallow and using a match and bottom plow to make that fallow. Combined with our steep slopes and winter rainfall, the result was a potential for high rates of soil erosion. The Highly Erodible Land regulatory provisions of the 1985 Farm Bill forced growers to adopt mulch tillage practices and limit their use of the bottom plow in order to maintain their USDA benefits. Our neighbors made that transition with a great deal of teeth gnashing, dire predictions and no small amount of lobbying here in the capital. The stick approach to motivating conservation was not a very pretty process.

The story of how Wasco County wheat growers got from the mid eighties to the 2005 sign up is one largely of incentives and voluntary adoption of conservation practices. First of all we had a staff change in the local NRCS office and the new District Conservationist set about building a level of trust with growers. The office continues this tradition by working well with other agency staff, providing educational opportunities for growers and organizing small grower meetings held annually in farmer shops.

A combination of events helped set the stage for change. By the time I came home to farm with my parents in 1993, the few farms like ours that had adopted conservation tillage programs decades earlier were in trouble with weed infestations. The traditional agronomic tools for dealing with such a problem was to burn the stubble and plow. This of course entailed putting the soil resource at risk and we were uncomfortable doing that. Mother nature provided more incentives. In the eighteen months between July of 1995 and January of 1997 we experienced four major flood events in our watershed. Each of these events put water through our barn, which had not happened since 1964 and made us realize that even a high residue mulch tillage system did not adequately protect our soils.

The stage was set. In 1997 we brought the first modern direct seed drill into Wasco County in order to efficiently raise spring crops to control our weeds without putting our soils at greater risk. The idea was so novel that the local equipment dealer was unwilling to sell us a drill. From his experience, adopting no-till was the last ditch effort of somebody going out of business and he did not want any part of that. Our leap of faith worked. By 1998 we had enjoyed a couple of wet years and were entirely direct seeded and annual cropped. We were actually improving our soil resource while successfully controlling the weed problem. After 125 years of soil quality degradation due to tillage, seeing an increase in soil organic matter levels and tith is no small turn around.

By 1999 the winter steelhead (salmon) run in our local creek was listed as endangered and most growers could see that the day would come when they would be forced to change farming practices. Additional motivation was provided by economics. While transitioning to direct seeding meant a big upfront capital expense for our operation, nearly \$375,000 in new equipment, we went from putting nearly a thousand hours on two tractors to less than four hundred a year on one. This reduction in tractor hours has huge labor, fuel and maintenance advantages over the long run.

The NRCS and our local Conservation District provided the other big incentives for change. By 1998 Dusty Eddy the Wasco County District Conservationist had

transitioned the NRCS Environmental Quality Incentive Program from funding primarily structures such as terraces and grass waterways that treated the symptoms of erosion to cost sharing direct seeding systems, which actually addressed tillage as the cause of soil erosion on our slopes. Since 1997 that program has brought nearly \$3.4 million into the county. Between 1998 and 2002 our local Fifteenmile watershed was designated as a Geographic Priority Area, which helped bring in more dollars to fund change. The local NRCS office currently has well over 100 EQIP applications on file and Wasco County has been successful funding additional contracts by bringing in dollars allocated to but unused by other counties. In our operation, EQIP helped us with the transition to direct seeding early on and currently we are receiving EQIP cost share to help us adopt chlorophyll sensing sprayer technology. This Weedseeker technology (at around \$1000 per foot of boom) helps us greatly reduce chemical use during the chemical fallow portion of our rotation as the chemical is only applied to green weeds. Making the chemical fallow more cost effective and better for the environment makes the practice more sustainable.

To complement the efforts of the NRCS, our local Soil and Water Conservation District (SWCD) which shares office space with NRCS, has been very progressive in bringing grant money to Wasco County to fund additional educational and conservation activities. Since 1991 the district has completed grants amounting to over \$4 million with another \$1.1 million of grants in progress. I was one of the growers able to go on a no-till tour to the Dakotas with the help of the SWCD. The District has been able to cost share some on farm activities for which the EQIP dollars ran short. Ron Graves, District Manager and his SWCD staff view themselves as the center piece of a puzzle with the goal of being a one-stop answer provider for growers trying to accomplish conservation work. The SWCD helps the growers deal with the myriad of other agencies involved as well as providing technical assistance to accomplish projects.

The result of all of the cooperation, education and voluntary adoption is that by June of 2005 Wasco County growers had adopted direct seed practices on 68% of the farm acres. In the north end of the county where I live that percentage is higher yet. That is a pretty dramatic change in cropping systems in eight years.

Oregon may also have been well positioned for CSP due to a state office that has been proactive in implementing RMS planning. Leading up to the CSP signup last spring our District Conservationist Dusty Eddy and the NRCS and SWCD staffs conducted 24 informational and self-assessment workshops across the 5 county area of the watershed. The self-assessment process was very time consuming and for growers that did not realize the potential benefits, the time commitment and records required were a barrier to participation. The process did work though and for future sign ups I suspect most growers will understand the potential rewards well enough to dedicate the time required for application.

So here we are in 2006 with CSP contracts and plans for how we will change our operations to earn greater enhancement dollars in the future. To be honest most direct seeders in the PNW believe that for national purposes, the CSP bar was set too low. I

was a founding board member of the Pacific Northwest Direct Seed Association. When we first heard about CSP we were excited about a program that would recognize and reward our efforts as early adopters of conservation practices. At it turns out, I have neighbors with Tier III contracts in my watershed doing full width tillage and good friends elsewhere in the Northwest doing truly amazing resource management and no idea when their watershed might be selected to sign up, and for that matter, no idea if there will be any money left by then. They are understandably frustrated with the implementation but uniformly supportive of the CSP concept. Having said that, I understand some of the challenges of implementing a program of this magnitude on a national scale. Across the PNW I also hear greater support for CSP than I do for CRP due to the affect that program has on rural communities and opportunities for young farmers.

I also understand that the commodity groups are generally opposed to CSP. I have come to believe that while commodity groups have done great things for farmers, they also can at times put the interests of the organization ahead of the individual farmers. In light of international trade negotiations, I think the nation is on the right track in looking for ways to support farmers, which are both trade fair and supportable by the tax paying public. From my involvement with a couple of businesses that direct market beef and flour to consumers, I would say that the public will be satisfied rewarding farmers who are already doing a good job. Admittedly the type of consumers that is willing to pay a premium for sustainably produced food may not be typical, but these consumers anyway are very supportive of the good things that we are doing on the land.

In my opinion, for CSP to achieve its potential in motivating the adoption of new conservation practices growers must have confidence in the future funding of the program. For CSP to continue to motivate the adoption of new technology and practices the list of enhancements must be frequently updated and preferably with input from local conservationists. Additional enhancement options would appear to be especially beneficial for livestock producers who seem to have fewer options today.

Of the enhancement options available today, I see our operation working towards adding legumes and other alternative crops to our rotation, using bio-fuel in our equipment and beginning to variable rate apply fertilizer based on yield and soil mapping. For smaller growers like myself, CSP enhancements could make precision ag technology affordable. Tools such as yield mapping and variable rate fertilizer application offer the potential for great environmental benefits through more efficient use of fertilizers but are relatively expensive when one has fewer acres to operate them on.

The payment caps in CSP may help smaller producers be more competitive but we have to recognize that such caps may also limit the incentive for change on larger operations. If larger growers can meet payment caps with existing conditions, there is little CSP incentive to adopt new conservation practices.

In my opinion there is great potential in this country for increasing farm revenue by directly marketing more products to consumers. In the absence of a program like CSP I

see two routes: get big and be the lowest cost producer in the world or produce a product with a story and find customers that will reward you for the experience of enjoying your production. Maybe CSP can help some of us through the transition away from commodity agriculture. As a young farmer with out much capital, I believe our fellow Country Natural Beef rancher Connie Hatfield when she recommends: “de-commodify or die”.