

# AGRICULTURE, RURAL DEVELOPMENT, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2004

U.S. SENATE,  
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,  
*Washington, DC.*

## NONDEPARTMENTAL WITNESSES

[The following testimonies were received by the Subcommittee on Agriculture, Rural Development, and Related Agencies for inclusion in the record. The submitted materials relate to the fiscal year 2004 budget request for programs within the subcommittee's jurisdiction.]

### PREPARED STATEMENT OF THE AD HOC COALITION

Mr. Chairman, Members of the Subcommittee, this statement is respectfully submitted on behalf of the ad hoc coalition<sup>1</sup> composed of the organizations listed below. The coalition supports sustained funding for Title I of Public Law 480 at a baseline level that will ensure the continued viability of the program as a long-term food aid and market development initiative for American agriculture.

This statement is submitted at a critical time when anticipated worldwide requirements for American food assistance are extremely high, and are likely to grow substantially higher in the coming weeks and months. At least 30 million people are at risk of starvation in Southern and Eastern Africa through the end of September of this year. In the immediate aftermath of hostilities in Iraq, the United States could be required to replace the commodities previously distributed to 23 million people under the oil for food program. In his State of the Union Address, President Bush celebrated our commitment to provide one-half of worldwide food aid needs on a sustained basis. Unfortunately, there is a strong likelihood that the United States will be unable to meet this commitment without additional resources from Congress, both for the remainder of fiscal year 2003 and through fiscal year 2004. In the statement that follows, our coalition supports funding levels for title I and other food aid programs that are needed to fulfill our moral obligations and promote the long-term interests of American agriculture.

### GUIDING PRINCIPLES OF FOOD AID POLICY

Mr. Chairman, the coalition respectfully suggests that American food assistance policy is well-established and founded on certain guiding principles, including the following:

—Meeting America's humanitarian obligation to sustain food assistance programs, U.S. participation in which should constitute more than 50 percent of all food aid worldwide.

<sup>1</sup>The ad hoc coalition is composed of American Maritime Congress, American Soybean Association, Liberty Maritime Corporation, Maritime Institute for Research and Industrial Development, National Association of Wheat Growers, National Barley Growers Association, National Corn Growers Association, National Council of Farmer Cooperatives, National Sunflower Association, Sealift, Inc., TECO Transport Corporation, Transportation Institute, USA Rice Federation, U.S. Canola Association, U.S. Wheat Associates, Inc., Wheat Export Trade Education Committee.

- Employing food assistance programs to promote long-term market development for American agriculture on commercial terms.
- Employing food assistance programs to promote respect worldwide for American values and our economic system, thereby enhancing goodwill toward America among disadvantaged populations that are breeding grounds for terrorism.

#### CURRENT FOOD AID PROGRAM LEVELS

Mr. Chairman, these principles of American food aid policy have enjoyed broad, bipartisan support in Congress for many decades. Our commitment to serve them has made the United States the world's leader in providing food assistance, and has strengthened American agriculture by supporting the development of long-term markets for U.S. products. In recent years, however, food aid shipments have declined markedly. In fiscal year 2000, the United States programmed more than 6.7 million tons of food aid to 95 countries, consisting of 35 different commodities with a commodity value of \$1.4 billion. In fiscal year 2001, our food aid program declined to 6.36 million tons of assistance to 45 countries, valued at \$1.28 billion. The decline continued in fiscal year 2002: In the fiscal year ending September 30, 2002, the United States programmed 4.67 million tons of food aid for shipment to 84 countries. This assistance consisted of 26 different products, with a commodity value of \$1.092 billion.

The administration's preliminary plan for the current fiscal year provided for less than 3.85 million tons of food aid. In the Consolidated Appropriations Resolution, 2003, Congress appropriated an additional \$250 million for Public Law 480 Title II grants, and provided that such funding would remain available until the end of fiscal year 2004. Even with this emergency supplemental funding, the total tonnage of commodities shipped in the current fiscal year likely will be less than in fiscal year 2002. This would represent the third straight year of reduced availability of critically needed U.S. food aid.

#### THE ADMINISTRATION'S BUDGET FOR FISCAL YEAR 2004

For fiscal year 2004, the administration has requested appropriations for the Food for Peace Title I program which would support \$132 million in direct loans. This represents a significant reduction from that approved by Congress for the fiscal year 2003 program, which received subsidy budget authority sufficient to support a direct loan program of \$154.7 million. The combined request for the Food for Peace Titles I and II would provide funding to support a program level of 3.1 million metric tons of grain equivalent—a reduction of 200,000 tons from the program level established for fiscal year 2003 (which includes \$135 million in carryover funding from prior years). Also in fiscal year 2004, the administration's USDA Budget Summary notes that the Bill Emerson Humanitarian Trust currently holds approximately 2.0 million metric tons of wheat, of which up to 500,000 tons would be available to support Title II donations in response to unanticipated needs for emergency assistance. The Title II program, as noted above, will also be supplemented by \$250 million in emergency funding provided in the 2003 omnibus appropriations bill, to the extent that any such funding remains available for obligation following the emergency shipments required for the balance of the current fiscal year.

As required by the 2002 Farm Bill, the administration has announced that it will meet the annual minimum tonnage level of 400,000 metric tons for that portion of the Food for Progress program carried out with CCC funding. Under authority provided by section 416(b) of the Agricultural Act of 1949, the administration estimates that surplus nonfat dry milk will be made available for donation in fiscal year 2004, with the value of assistance and associated costs estimated at \$118 million. This represents another sharp reduction in donations under the 416(b) program, which is CCC-funded. Finally, the McGovern-Dole International Food for Education and Child Nutrition Program ("IFEP"), under terms of the 2002 Farm Bill, will be funded in fiscal year 2004 by direct appropriations. The administration's request is \$50 million, which represents a 50 percent reduction in the CCC-funded program level for fiscal year 2003.

#### RESTORATION OF FOOD AID PROGRAMMING

Mr. Chairman, the coalition urges that food aid be restored to sustainable levels in the range of 6.0 million to 7.0 million metric tons of grain equivalent in each fiscal year, beginning in fiscal year 2004. In fiscal year 2004, this would require an increase in Title I baseline funding, along with greater use of existing authorities of the Commodity Credit Corporation, as recommended by the Conference on the Consolidated Appropriations Resolution, 2003.

The baseline for the Food for Peace Title II program has been increased from \$850 million in fiscal year 2002 to \$1.185 billion in fiscal year 2004. The coalition commends Congress and the administration for this initiative, which represents an increase of nearly 40 percent in Title II baseline funding. This action underscores the importance of the Title II donation program, and the coalition strongly supports the administration's Title II request.

The Title I program, however, must also be restored to reasonable levels if the United States is to take full advantage of the unique market-development potential of this historic initiative. The special features of the Title I program are important to American agriculture and remain a significant element of U.S. food aid policy, as discussed below.

#### ADVANTAGES OF THE TITLE I PROGRAM

Mr. Chairman, the Title I program offers countries long-term loans and concessional payment terms for the purchase of U.S. agricultural commodities. As such, Title I has advantages over other food aid programs.

—*Resource Efficient.*—Because Title I is a concessional loan program, appropriations required to support Title I, under the terms of the Federal Credit Reform Act of 1990, cover only the subsidy cost, and not the full commodity value. In the President's budget for fiscal year 2004, the subsidy cost of the Title I program is established for the fiscal year at 78.90 percent. Thus, under the Title I program, Congress ships \$1.00 worth of U.S. agricultural products at an appropriated cost of about 79 cents. Moreover, Title I currently recovers more dollars for the U.S. Treasury in loan repayments than it costs in annual outlays.

—*GATT-Legal.*—The Title I program promotes market development while remaining fully sanctioned by international trade organizations. The high degree of concessionality of Title I has resulted in its classification as a donation program for GATT purposes.

—*Commercial Sales Stepping Stone.*—The Title I program is designed to operate in markets which are neither poor enough to warrant donations nor rich enough to purchase commodities on commercial terms. Over the decades, numerous countries have graduated from Title I partners to commercial markets for a broad range of U.S. agricultural products. In fact, 43 of the top 50 consumer nations of American agricultural products were once recipients of U.S. foreign aid in some form. Tomorrow's commercial commodity markets are today's Title I partners.

#### CONCLUSIONS AND RECOMMENDATIONS

Mr. Chairman, the coalition is committed to maintaining U.S. food assistance programs at responsible levels in order to meet humanitarian needs and promote the interests of American agriculture. Our recommendation is to maintain annual shipments of food assistance at program levels of between 6.0 million and 7.0 million metric tons of grain equivalent. This can be accomplished, as in the past, with a blend of programs supported by direct appropriations and by CCC program authorities.

The administration proposes funding for Title I which would support a direct loan level of \$132 million. This is well below the appropriation for fiscal year 2003, which supports new direct loans of \$154.7 million. Our coalition opposes the continued erosion of the Title I program, and strongly believes, as demonstrated above, that Title I funding should be restored to levels which will ensure the program's long-term viability as a flexible and significant policy initiative.

The coalition recommends the following:

—Title I program levels should be increased in fiscal year 2004, and responsibly increased again in succeeding years, so that the unique advantages of the program, highlighted above, are not lost.

—The fiscal year 2003 program level of \$100 million for the McGovern-Dole IFEP should be maintained in fiscal year 2004. This action, together with full funding of the administration's Title II request, would help ensure that the United States fulfills its moral obligation to provide not less than one-half of the world's food aid in fiscal year 2004.

—In committee report language, the House Appropriations Committee should restate its directive to the administration to make greater use of existing CCC authorities to expand food aid to regions in critical need.

Mr. Chairman, American farmers require strong commercial markets to maintain their share of world agricultural trade. These markets are initially developed and often revitalized by Title I concessional sales. This program, which has been a bul-

wark of American food aid policy since the days of the Marshall Plan, deserves the strong support of your subcommittee, the Congress and the entire nation.

The Title I program delivers more food assistance per dollar of investment than any other program. The Title I program, moreover, is fully consistent with the administration's position that aid to developing countries be tied to their adoption of reforms and policies that make development both lasting and effective.

With strong Congressional support, the Food for Peace Title I program will continue to promote American commercial interests and humanitarian values. The funding of Title I, accordingly, should be increased to ensure that this historic program is restored to its proper place in U.S. food assistance policy.

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PREPARED STATEMENT OF THE ADVANCED MEDICAL TECHNOLOGY ASSOCIATION

The Advanced Medical Technology Association (AdvaMed) is pleased to provide this testimony on behalf of our member companies and the patients and health care systems we serve around the world. AdvaMed is the largest medical technology trade association in the world, representing more than 1,100 medical device, diagnostic products, and health information systems manufacturers of all sizes. AdvaMed member firms provide nearly 90 percent of the \$75 billion of health care technology products purchased annually in the U.S. and nearly 70 percent of the \$170 billion worldwide market in medical technologies.

*Summary*

America is on the cusp of an unprecedented revolution in medical technology driven by major public and private investments in pure research and computer technology, as well as a multi-billion dollar commitment from Congress to double medical research at NIH and unravel the human genome. At the same time, the growing number and complexity of new medical devices throughout the last decade, coupled with a drop in the absolute number of reviewers at FDA's Center for Devices and Radiological Health (CDRH) has resulted in severe budget strain and increasing delays in approval of new medical technologies at CDRH.

Late last year, Congress unanimously passed H.R. 5651, The Medical Device User Fee and Modernization Act (MDUFMA) to give CDRH additional resources and expertise to help provide timely patient access to new medical technologies. Over the next 5 years, MDUFMA requires the device industry to contribute \$150 million in user fees to expand resources and expertise at FDA.

Continuation of the user fee program is contingent upon Congress providing an increase of \$15 million over the CDRH base budget (\$205,720,000 adjusted for inflation) in each of the first 3 years of this agreement. This provision ensures user-fee funds do not displace congressional appropriations, and allows CDRH to upgrade information technology and other infrastructure necessary to carry-out a user-fee program and to meet the modest performance goals.

Congress provided only \$4 million of the \$15 million appropriations target in fiscal year 2003. If MDUFMA's cumulative funding requirement is not reached, the program will sunset at the end of fiscal year 2005 and an important source of new resources for the agency could be lost. Accordingly, we request that you include \$27.3 million in additional appropriations to help meet the cumulative funding goal of the user fee legislation. The total CDRH funding for fiscal year 2004 that we request (including industry-paid user fees) is \$237,218,720.

*Passage of the Medical Device User Fee and Modernization Act (MDUFMA)*

FDA's Center for Devices and Radiological Health has faced increasing challenges as a result of dwindling resources and accelerating innovation. Staff levels have dropped by eight percent since 1995. The average total review time for premarket approval applications has risen to 411 days, more than twice the statutory review time. A science panel warned in a recent report that increasingly rapid advances in technology "threaten to overwhelm" CDRH's limited resources.

H.R. 5651 addresses these challenges by establishing user fees for premarket submissions and mandating regulatory reforms to improve the timeliness of FDA reviews. The bill also includes provisions to strengthen FDA regulation of reprocessed disposable devices.

The user fee provisions of the bill would establish fees for premarket approval applications, supplements and 510(k) submissions. These fees, combined with funds from increased appropriations, will provide FDA's device program with approximately \$225 million in additional resources over the next 5 years. A letter agreement accompanying the bill sets strong performance goals for the agency.

Key regulatory reforms in the bill will:

- Eliminate bureaucratic delays in review of combination products by establishing a new office to oversee these technologies;
  - Authorize FDA to accredit third-party inspectors to audit medical technology companies with a good track record of compliance;
  - Encourage timely, thorough premarket reviews by codifying the PMA “modular review” program and extending the third-party review program for 510(k)s;
  - Permit electronic device labeling and electronic facility registration.
- From bioengineered organs and implantable artificial hearts to gene-based diagnostic tests and molecular imaging systems, America’s medical technology companies are developing thousands of promising new tests and treatments. AdvaMed believes full implementation of MDUFMA will help ensure these advances reach the millions of patients who need them.

*New FDA Statistics Highlight Pressing Need for MDUFMA Implementation*

The fiscal year 2002 premarket review statistics released by FDA’s Office of Device Evaluation (ODE) illustrate the ongoing challenges facing FDA’s device program and the need for rapid implementation of MDUFMA.

Staffers in FDA’s device program deserve much credit for working to keep pace with rapidly advancing medical technology. In 2002, they acted on many life-saving and life-improving advances, including an improved smallpox vaccine delivery system, cardiac resynchronization therapy for heart failure, stents to improve the treatment of neck aneurysms and intracranial stroke, and implantable defibrillators for a new indication that can save the lives of thousands more patients.

Statistics in the ODE annual report, however, show that FDA still is taking far too long to act on many of these important innovations. For example, the average total FDA review time at the 90th percentile of premarket approval applications (which typically are required for more advanced medical technologies) was 405 days in 1999 (the most recent year with complete data). Under the user fee provisions of H.R. 5651, FDA will have to approve 90 percent of PMAs within 320 days by 2007.

Review times for 510(k)s also are on the rise, according to the report. Total FDA review time for the 90th percentile of 510(k)s rose to 164 days in 2001. The statutory review time for 510(k)s is 90 days.

AdvaMed also is concerned that, as in 2001, ODE saw a net loss in scientific and medical personnel last year, losing three scientific reviewers and six medical officers. As FDA implements H.R. 5651, it will be important for it to make the greatest use possible of external sources of scientific expertise in the review process. AdvaMed is working closely with FDA and Congress to ensure that MDUFMA is implemented as quickly and effectively as possible. This will enable FDA to report substantially improved premarket review times in the coming years.

*Conclusion*

AdvaMed urges this Subcommittee to work with the FDA to fully implement MDUFMA as soon as possible to ready FDA for the coming era of biomedical innovation and ensure that patients enjoy timely access to the coming dramatic breakthroughs in medicine. AdvaMed thanks the committee for this opportunity to present our views and we look forward to working with you to help prepare FDA for the coming revolution in medical technology. AdvaMed and the industry stand ready to meet its part of this bargain. The industry has agreed to provide \$150 million in industry funds to upgrade FDA’s ability to quickly evaluate new medical products. The agreement reflects the culmination of a 10-year hard-fought debate within the device industry about whether to proceed with a user fee approach to improving review times at the FDA. This program terminates in 2005 if the increased funding for CDRH does not materialize. Our membership is counting on the Federal government to meet its part of the bargain by providing the additional funding called for in the user fee agreement. If we fail here, we will have lost for the foreseeable future the many benefits that AdvaMed believes can come from a user fee program.

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PREPARED STATEMENT OF THE ALACHUA COUNTY BOARD OF COUNTY COMMISSIONERS

Thank you for allowing the Alachua County Board of County Commissioners to submit this written testimony to your Subcommittee regarding a comprehensive, multi-year project to provide critical utility services to underserved communities located in Alachua County, Florida. For fiscal year 2004, the County is seeking \$5 million in Federal funds from the Rural Development Administration to aid with a county-wide partnership that includes the enhancement, expansion and refurbish-

ment of potable water and central wastewater systems in and adjacent to seven small municipalities within Alachua County.

Without a safe and reliable source of public utilities, the residents who live in the rural incorporated communities of Alachua County must rely upon the use of inadequate water systems and septic tanks for their utility services. In addition to the health and safety concerns, this lack of a public utility infrastructure serves as a deterrent to these areas' economic revitalization. Historically, there are numerous health risks associated with malfunctioning septic tanks, including the possible contamination of ground water that could lead to the development of diseases within the area.

Alachua County, Florida is located in the north-central portion of the State with a population of approximately 225,000. There are nine separate municipal governments within Alachua County. According to a recent Census Bureau estimate, almost 20 percent of all residents in the county are living below the Federal poverty level. Gainesville, the county seat, is the largest city with approximately half of the county's population and is also home of the prestigious University of Florida, the largest university in the Southeastern United States. The remaining eight municipalities are considered rural farm communities with populations less than 6,000 residents. For seven of these communities, efforts to provide adequate potable water and wastewater utility services produce funding dilemmas for the municipal governments. Because of the significant utility infrastructure facility costs required, coupled with relatively low densities of potential customers, total debt financing of the utility systems results in cost-prohibitive rates for end users. Without the infusion of external grant dollars, these communities face the potential of health and environmental risks associated with inadequate potable water delivery systems and degrading septic systems, as well as stagnated economic growth.

The communities of Alachua, Archer, High Springs, Hawthorne, Micanopy, Newberry, and Waldo are all currently struggling with this issue. In an effort to avoid the problems seen throughout Florida associated with urban sprawl, Alachua County's growth management goals seek to direct growth within the existing communities. However, unless solutions for the utility infrastructure funding predicament can be found, the small communities will be unable to adequately provide for growing populations.

In conclusion, Alachua County seeks Federal dollars for this comprehensive, multi-year partnership designed to assist the small communities' efforts to enhance, expand and refurbish existing utility systems. Current aggregated estimates for this countywide, multi-year initiative equal approximately \$25 million. A Federal appropriation of \$5 million in fiscal year 2004 will allow for the most critical projects to commence, while additional sources of funding are sought at the State and local level.

We would like to take this opportunity to thank the Subcommittee for including language in the House fiscal year 2003 Agriculture Appropriations bill on behalf of this project and want to assure you that we are submitting a proposal to the Department of Agriculture pursuant to that language. However, the County is in immediate need of \$5 million in dedicated Federal funding in order to help protect the health and welfare of these low-income communities and to spur their respective economic growth.

Thank you for your consideration.

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PREPARED STATEMENT OF THE AMERICAN FARM BUREAU FEDERATION

The American Farm Bureau Federation supports full funding for the Farm Security and Rural Investment Act of 2002 (FSRIA). We oppose any reduction or redirection of funds from any farm bill title or program.

Unfavorable weather conditions, uncertainties involved with international trade, the value of the dollar and record high input costs have converged to produce a turbulent and difficult time for agriculture. The industry has suffered through several consecutive years of historic low market prices and weather disasters. The new farm law helps address problems faced by American farmers and ranchers and it provides unprecedented funds for our nation's conservation needs. Changes in farm bill programs would be devastating not only to farmers and ranchers but the rural economy as well. Consequently, Farm Bureau strongly encourages you to fully fund FSRIA in the fiscal year 2004 appropriations process.

Full funding of farm bill commodity programs is essential. It is imperative that counter-cyclical payment rates, loan rates and direct payments be preserved as adopted in FSRIA. We are adamantly opposed to any changes in the current payment limitations of \$40,000 for direct payments, \$65,000 for counter-cyclical pay-

ments and \$75,000 for loan deficiency payments (LDP) and marketing loan gains (MLG), including a separate payment limitation for the peanut program. Current rules on spouses, three-entities, generic certificates and actively engaged requirements should be retained.

Farm bill conservation programs should be fully funded. Full implementation of the Environmental Quality Incentive Program (EQIP) and Conservation Security Program (CSP) is key to assisting agricultural producers in complying with environmental regulations and addressing important conservation issues nationwide. Program funding for technical assistance is essential if conservation programs are to be successful.

#### FARM BUREAU FISCAL YEAR 2004 APPROPRIATIONS ISSUES

In addition to full farm bill funding, Farm Bureau has identified four USDA program areas for which priority fiscal year 2004 funding is essential. They are:

- programs to expand foreign markets for U.S. agriculture;
- programs to ensure the development and use of biotechnology products;
- programs to promote the use of alternative energy; and
- programs key to the proper implementation of the Food Quality Protection Act (FQPA).

#### PROGRAMS TO EXPAND FOREIGN MARKETS FOR U.S. AGRICULTURE

Creating new overseas markets and expanding those we have is essential for a healthy agricultural economy. Continued funding of export development programs is fundamental to improving farm income in the short and long term. Farm Bureau recommends maximum funding of all export development programs consistent with our commitments under World Trade Organization rules.

Expanding international trade is also straining the capacity of U.S. agencies to monitor and enforce compliance with the terms of trade agreements including, but not limited to, imported product inspection and verification; imported and domestic pest detection, control and eradication; and negotiation, implementation and enforcement of sanitary and phytosanitary measures. The failure to detect, control and eradicate invasive pests from foreign sources is costing U.S. farmers, ranchers and local governments hundreds of millions of dollars for control and eradication programs, and in lost sales opportunities, annually. Greater effort must be dedicated to the technical capacity of the U.S. to trade.

*Animal & Plant Health Inspection Service (APHIS)—Trade Issues Resolution and Management.*—Farm Bureau supports \$5 million above the current budget level. As negotiators from other Federal agencies and industry try to open up foreign markets to U.S. exports, they consistently find that other countries are raising pest and disease concerns, real or contrived, to resist allowing American products to enter. Also, officials from other countries often attempt to refuse entry to perfectly healthy American products under the guise of a technicality or flimsy suspicion. Only APHIS can deal with these issues. This requires placing more APHIS officers overseas where they can monitor pest and disease situations, negotiate protocols with other countries, and intervene when foreign officials wrongfully prevent the entry of American exports. It is expensive to station U.S. employees overseas because of the high cost of living in some cities and the high cost of providing security and other services through the State Department. It can cost several hundred thousand dollars to move an employee to a foreign location, and a similar amount to keep them there. A \$5 million increase would allow APHIS to place 20 employees in key locations throughout the world, especially in burgeoning Asia markets.

*Animal & Plant Health Inspection Service (APHIS)—Pest Detection.*—Farm Bureau supports \$15 million above the current level for pest detection at APHIS. The fiscal year 2003 appropriations made a good start on improving APHIS' woefully under funded plant pest and diseases detection program, increasing it from \$7 million to about \$22 million. However, this pales in comparison to the \$93 million appropriated for animal health monitoring and surveillance. While we all hope that the move to the Department of Homeland Security will not reduce the emphasis on agriculture inspection at the borders, an enhanced domestic pest detection program would offer a degree of insurance. Even with a solid border inspection program, we believe that we are vulnerable to the fast spread of plant pests.

*Foreign Agricultural Service (FAS).*—Farm Bureau supports an overall increase in funding for the Foreign Agricultural Service's international programs and activities.

*GSM Credits.*—Farm Bureau supports the full funding of the GSM credit guarantee programs. These important export credit guarantee programs can help make commercial financing available for imports of U.S. food and agricultural products via a deferred payment plan.

*Public Law 480.*—Farm Bureau supports increased funding for Public Law 480 programs, the primary means by which the United States provides foreign food assistance. The Public Law 480 programs provide humanitarian and public relations benefits, positively impacts market prices and helps develop long-term commercial export markets. Farm Bureau believes that the USDA is best positioned to administer all programs of the Public Law 480.

*Market Access Program (MAP) and Foreign Market Development Program (FMD).*—Congress should fully fund the MAP and FMD programs as authorized. These programs need the expertise of a fully supported Foreign Agricultural Service that is expanded to cover all existing and potential market posts.

*Export Enhancement Program (EEP).*—The Farm Security and Rural Investment Act of 2002 authorizes direct export subsidies of U.S. agricultural products through the EEP program through fiscal year 2007 to counter the unfair trading practices of foreign countries. Farm Bureau supports the full funding and use of this program in all countries, and for all commodities, where the U.S. faces unfair competition.

*Dairy Export Incentive Programs (DEIP).*—Farm Bureau supports full funding and use of the Dairy Export Incentive Program to allow U.S. dairy producers to compete with foreign nations that subsidize their commodity exports.

*International Food for Education Program (IFEP).*—Farm Bureau supports funding IFEP at \$50 million. The program's demonstration effort, the Global Food for Education program, has yielded substantial information to help the IFEP be an effective platform for delivering both food aid and educational assistance.

#### PROGRAMS TO ENSURE THE DEVELOPMENT AND USE OF BIOTECHNOLOGY PRODUCTS

Biotechnology is an extremely promising development in agriculture and all reasonable efforts must be undertaken to allow the promise to be realized. Environmental activists and foreign governments are attempting to scare consumers, both here and abroad, into questioning the use new technology. The integrity of the technology is clearly being challenged and the platform of safety upon which the technology is built must be absolutely uncompromised.

USDA must take the lead in biotechnology coordination efforts. It is essential that the Department act in a timely manner to evaluate and move approved products and technologies to the marketplace. USDA should develop a positive national strategy for biotechnology research, development and consumer education.

*Animal Plant Health Inspection Service (APHIS).*—APHIS plays an important role in overseeing the permit process for products of biotechnology. Funding and personnel are essential for ensuring public confidence in biotechnology. Farm Bureau recommends adding \$6 million of funding to expand APHIS staff in order to implement the current regulatory system and helps ensure the trust of consumers and trading partners. Continuing the current \$2 million appropriation simply will not allow any progress and the industry may suffer irreversible losses.

*Codex Alimentarius Commission.*—Farm Bureau supports adequate funding for the U.S. CODEX office so that it can adequately represent American interests in this important body, which develops the international food safety standards used as guidance by the World Trade Organization. Increasingly, biotechnology is the focus of CODEX discussions where an ongoing international effort is being led by the European Union to place limits on our ability to export products of biotechnology by incorporating the precautionary principle into the CODEX general principles or biotechnology labeling discussions.

*Agriculture Research Service (ARS).*—Farm Bureau supports sufficient funding for plant-breeding research programs because they are important for maintaining a broad-based research.

#### PROGRAMS TO PROMOTE THE USE OF ALTERNATIVE ENERGY

The development of alternative energy sources is not only significant to the advancement of American agriculture but also vital to enhancing our nation's energy security. The United States currently imports over 56 percent of its energy needs from foreign sources. This lack of energy independence has led to price instabilities in the most basic of energy sources and will lead to production agriculture spending between \$1–2 billion more to plant this year's crop than last year. Renewable energy sources such as ethanol, biodiesel, wind generation and biomass can reduce the current overreliance on foreign energy sources.

The 2002 farm bill contained an energy title that includes provisions for Federal procurement of bio-based products, bio-refinery development grants, a biodiesel fuel education program, renewable energy development program, renewable energy systems, a bioenergy program and biomass research and development. These programs will assist rural economic development as well as increase our nation's energy inde-

pendence. These important programs to promote alternative energy sources should be fully funded at authorized levels to further advance these important programs and to achieve the goals of the energy title.

We support USDA research on the increased production of all forms of renewable fuels from agricultural resources for energy use including research and demonstration programs that use ethanol as a fuel for fuel cell engine development.

PROGRAMS KEY TO THE PROPER IMPLEMENTATION OF THE FOOD QUALITY PROTECTION ACT

USDA plays a crucial role in achieving proper implementation of the Food Quality Protection Act (FQPA). USDA must continue to work with EPA, agricultural producers, food processors and registrants to ensure that farm data and agricultural interests are properly considered and fully represented in the tolerance reassessment and pesticide re-registration process.

By the time we reach the 2006 FQPA deadline for reassessment, nearly 6,000 separate food and feed tolerances will have been reassessed for nearly 400 different active ingredients. That process affects nearly 600 specialty crops, all major row crops and animal production. In order to participate fully and effectively in the tolerance reassessment process, USDA must have all the resources necessary to provide economic benefit and use information to EPA.

Funding should be increased to the following offices and programs that are vital to proper implementation of FQPA:

*Office of Pest Management Policy (OPMP).*—OPMP has the primary responsibility for coordination of USDA's FQPA obligations and interaction with EPA. Major funding increases are necessary to review the tolerance reassessments, particularly dietary and worker exposure information; to identify critical use, benefit and alternatives information; and to work with grower organizations to develop strategic pest management plans. We recommend that funding for OPMP be doubled from 2003 budget levels. Further, additional funding to OPMP should be designated under the Secretary of Agriculture's office, rather than an add-on to the ARS budget.

*Agriculture Research Service (ARS).*—Integrated Pest Management (IPM) research, minor use tolerance research (IR-4) and research on alternatives to methyl bromide must continue to receive adequate funding to fully address the unique concerns of these programs. Research is also needed to identify new biological pest control measures and to control pesticide migration.

*Cooperative State Research, Education and Extension Service (CSREES).*—Full funding should be provided for IPM research grants, IPM application work, pest management alternatives program, expert IPM decision support system, minor crop pest management project (IR-4), crops at risk from FQPA implementation, FQPA risk avoidance and mitigation program for major food crop systems, methyl bromide transition program, regional crop information and policy centers, Pesticide Impact Assessment Program (PIAP) and the pesticide applicator training program.

*Economic Research Service (ERS).*—ERS programs provide USDA and EPA with unique data information and they should be properly funded including IPM research, pesticide use analysis program and the National Agriculture Pesticide Impact Assessment Program (NAPIAP).

*FQPA Implementation.*—Additional funding for proper implementation of FQPA is needed in the following programs: National Agriculture Statistics Service (NASS) pesticide use surveys; Food Safety Inspection Service (FSIS) increased residue sampling and analysis; Agricultural Marketing Service (AMS); and, the Pesticide Data Program (PDP).

*Administration.*—Funding must not be diverted away from USDA programs that do not benefit U.S. agriculture. Neither fund should be diverted to foreign or international groups whose goal it is to exclusively help production competitors in other nations.

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PREPARED STATEMENT OF THE AMERICAN INDIAN HIGHER EDUCATION CONSORTIUM

Mr. Chairman and Members of the Subcommittee, on behalf of the American Indian Higher Education Consortium (AIHEC) and the 31 Tribal Colleges and Universities that comprise the list of 1994 Land Grant Institutions, thank you for this opportunity to share our funding requests for fiscal year 2004.

This statement is presented in three parts: (a) a summary of our fiscal year 2004 funding requests, (b) a brief background on Tribal Colleges and Universities, and (c) an outline of the 1994 Tribal College Land Grant Institutions' plan using our land grant programs to fulfill the agricultural potential of American Indian commu-

nities, and to ensure that American Indians have the skills needed to maximize the economic development potential of our resources.

#### SUMMARY OF REQUESTS

We respectfully request the following funding levels for fiscal year 2004 for our established land grant programs within the Cooperative State Research, Education, and Extension Service (CSREES) and Rural Development. In CSREES, we specifically request: \$12 million payment into the Native American endowment fund—an increase of \$4.9 million over fiscal year 2003; \$3.1 million for the higher education equity grants—an increase of \$1,411,050; \$5 million for the 1994 institutions' competitive extension grants program—an increase of \$1,635,015; \$3 million for the 1994 Institutions' competitive research grants program—an increase of \$1,907,150; and in Rural Development's RCAP program, that \$5 million for each of the next five fiscal years be targeted for tribal college community facilities grants in Rural Development's Rural Community Advancement Program (RCAP), to help address the critical facilities and infrastructure needs at the 1994 Institutions that impede our ability to participate fully as land grant partners. This competitive tribal college program has been allocated \$4 million in each fiscal year beginning in fiscal year 2001.

#### BACKGROUND ON TRIBAL COLLEGES AND UNIVERSITIES

The first Morrill Act was enacted in 1862 specifically to bring education to the people and to serve their fundamental needs. Today, over 140 years after enactment of the first land grant legislation the 1994 Land Grant Institutions, more than any other higher education institutions, truly exemplify the original intent of the land grant legislation, as they are truly community-based institutions.

The Tribal College Movement was launched in 1968 with the establishment of Navajo Community College, now Diné College, serving the Navajo Nation. A succession of tribal colleges soon followed, primarily in the Northern Plains region. In 1972, the first six tribally controlled colleges established the American Indian Higher Education Consortium to provide a support network for member institutions. Today, AIHEC represents 34 Tribal Colleges and Universities—31 of which comprise the list of 1994 Land Grant Institutions—located in 12 states begun specifically to serve the higher education needs of American Indian students. Collectively, they serve 30,000 full- and part-time students from over 250 Federally recognized tribes.

The vast majority of the 1994 Institutions is accredited by independent, regional accreditation agencies and like all institutions, must undergo stringent performance reviews on a periodic basis. White Earth Tribal & Community College, the newest 1994 Institution, is in the pre-candidacy stage. Tribal colleges serve as community centers, providing libraries, tribal archives, career centers, economic development and business centers, public meeting places, and child care centers. Despite our many obligations, functions, and notable achievements, tribal colleges remain the most poorly funded institutions of higher education in this country. Most of the 1994 Land Grant Institutions are located on Federal trust territory. Therefore, states have no obligation and in most cases, provide no funding to tribal colleges. In fact, most states do not even fund our institutions for the non-Indian state residents attending our colleges, leaving the tribal colleges to absorb the per student operations costs for the approximately 20 percent non-Indian students enrolled in our institutions. Unlike our state land grant partners, our institutions do not benefit from the economy of size—where the cost per student to operate an institution is diminished by the sheer size of the student body.

As a result of 200 years of Federal Indian policy—including policies of termination, assimilation and relocation—many reservation residents live in abject poverty comparable to that found in Third World nations. Through the efforts of tribal colleges, American Indian communities are receiving services they need to reestablish themselves as responsible, productive, and self-reliant. It would be regrettable not to expand the very modest investment in, and capitalize on, the human resources that will help open new avenues to economic development, specifically through enhancing the 1994 Institutions' Land Grant programs, and securing adequate access to information technology.

#### 1994 LAND GRANT PROGRAMS—AMBITIOUS EFFORTS TO REACH ECONOMIC DEVELOPMENT POTENTIAL

Sadly, due to lack of expertise and training, millions of acres on our reservations lie fallow, under-used, or have been developed through methods that render the resources non-renewable. The Equity in Educational Land Grant Status Act of 1994 is our hope for rectifying this situation. Our current land grant programs are small, yet very important to us. It is essential that American Indians learn more about

new and evolving technologies for managing our lands. We are committed to being productive contributors to the agricultural base of the nation and the world.

*Extension Programs.*—The 1994 Institutions' extension program strengthens communities through outreach programs designed to bolster economic development; community resources; family and youth development; natural resources development; agriculture; as well as health and nutrition awareness.

In fiscal year 2003, \$3,387,000 was appropriated for the 1994 Institutions' competitive extension grants. Additional funding is needed to support these vital programs, designed to address the inadequate extension services provided on Indian reservations by the states. It is important to note that the 1994 extension program is specifically designed to complement and build upon the Indian Reservation Extension Agent program, and is not duplicative of other extension activities. For the reasons outlined above, we request the Subcommittee further support this program by appropriating \$5 million to sustain the growth and further success of these essential community based programs.

*Native American Endowment Fund.*—Endowment installments paid into the 1994 Institutions' account remain with the U.S. Treasury—only the interest is distributed annually to our colleges. The latest annual interest yield (fiscal year 2002) distributed among the 30 eligible 1994 Land Grant Institutions totaled \$1,427,750.

Just as other land grant institutions historically received large grants of land or endowments in lieu of land, this money assists 1994 Land Grant Institutions in establishing and strengthening our academic programs in such areas as curricula development, faculty preparation, instruction delivery, and as of fiscal year 2001 to help address our critical facilities and infrastructure issues. Many of the colleges have used the endowment funds in conjunction with the Education Equity Grant funds to develop and implement their programs. As earlier stated, tribal colleges often serve as primary community centers and although conditions at some have improved substantially, many of the colleges still operate under deplorable conditions. Most of the tribal colleges cite improved facilities as one of their top priorities. For example Lac Courte Oreilles Ojibwa Community College in Hayward, Wisconsin has reported an immediate need for substantial renovations to replace construction materials that have exceeded their effective life span, and to upgrade existing buildings due to accessibility and safety concerns.

An increase in the endowment payments would increase the size of the corpus and thereby increase the annual interest yield available to the 1994 Land Grant Institutions. This additional funding would be very helpful in our efforts to continue to support faculty and staff positions and program needs within Agriculture and Natural Resources Departments, as well as to help address the critical and very expensive facilities needs at our institutions. Currently the amount that each college receives from this endowment is very limited. It is not close to adequate to address the curricula development and instruction delivery issues and also make even a dent in the necessary facilities projects at the colleges. In order for the 1994 Institutions to become full partners in this nation's great land grant system, we need and deserve the facilities and infrastructure necessary to engage in education and research programs vital to the future health and well being of our reservation communities. We respectfully request the subcommittee build upon this much needed base fund by increasing the fiscal year 2004 endowment fund payment to \$12 million.

*1994 Institutions' Educational Equity Grant Program.*—Closely linked with the endowment fund, this program currently provides just under \$50,000 per 1994 Institution to assist in academic programs. Through the modest appropriations made available since fiscal year 1996, the tribal colleges have been able to begin to support courses and planning activities specifically targeted to meet the unique needs of our respective communities.

The 1994 Institutions have developed and implemented courses and programs in natural resource management; environmental sciences; horticulture; forestry; buffalo production and management; and food science and nutrition—to address epidemic rates of diabetes and cardiovascular disease on reservations. Haskell Indian Nations University in Lawrence, KS has used these funds to upgrade and equip a plant science laboratory to enhance the academic quality of teaching and to achieve more effective use of facilities for the Environmental Science Program. The plant science laboratory will directly serve Botany and Ethnobiology courses, which are offered in Haskell's Environmental Science baccalaureate degree program. If more funds were available through the Educational Equity Grant Program, tribal colleges could channel more of their endowment yield to supplement other facilities funding in order to address critical infrastructure issues. Authorized at \$100,000 per 1994 Institution, this program was appropriated \$1,688,950 in fiscal year 2003. We respectfully request full funding of \$3.1 million to allow the colleges to build upon the courses and activities that the initial funding launched.

*1994 Research Program.*—As the 1994 Land Grant Institutions have begun to enter into partnerships with 1862/1890 Land Grants through research projects, impressive efforts to address economic development through land use have come to light. Our research program illustrates an ideal combination of Federal resources and tribal college-state institution expertise, with the overall impact being far greater than the sum of its parts. We recognize the budget constraints that Congress is working under. However, we believe that \$1.1 million, our fiscal year 2003 appropriated level, is simply not adequate when there are 30 institutions currently eligible to compete for these precious research dollars. This research program is vital to ensuring that tribal colleges finally become full partners in the nation's land grant system. Many of our institutions are currently conducting agriculture-based applied research, yet finding the resources to conduct this research to meet their communities' needs is a constant challenge. This research authority opens the door to new funding opportunities to maintain and expand the research projects begun at the 1994 Institutions, but only if adequate funds are appropriated. The following is an example of the initial projects funded under this vital new program:

Oglala Lakota College on the Pine Ridge Reservation in South Dakota has begun to investigate the impacts of free-range management on range soil and water, and bison diet quality. The investigation is being conducted on previously cattle-grazed land. Because bison behavior varies from that of cattle, soil/water and range plant characteristics may change over time. As bison grazing continues, initial characteristics and changes in rangeland environments will be monitored and documented. Composition and forage quality as well as the soil quality of three ecosystems in the bison grazed areas will ultimately be determined. Electronic workshop/class and outreach materials will be developed from this study by integrating technical and cultural knowledge about bison. Oglala Lakota College, South Dakota State University and other tribal colleges will benefit from the resulting material. Information will be disseminated through lay publications, field days, and special workshops.

Other projects begun in the initial round of programs funded include soil and water quality projects, amphibian propagation, pesticide and wildlife research, range cattle species enhancement, and native plant preservation for medicinal and economic purposes. We strongly urge the Subcommittee to fund this program at \$3 million to enable our institutions to develop and strengthen their research potential.

*Rural Community Advancement Program (RCAP).*—Beginning in fiscal year 2001, each year \$4 million of the RCAP funds appropriated for loans and grants to benefit Federally recognized Native American Tribes have been targeted for community facility grants for tribal college improvements. As stated earlier, the facilities at many of the 1994 Land Grant Institutions are in desperate need of repair and in many cases replacement. We urge the Subcommittee to designate \$5 million of the Native American RCAP funds to address the critical need for improving the facilities at the 31 Tribal College Land Grant Institutions. Additionally, we respectfully request language directing the Department of Agriculture to target a minimum of \$5 million for each of the next five fiscal years to allow our institutions the means to solidly address our critical facilities needs.

#### CONCLUSION

The 1994 Land Grant Institutions have proven to be efficient and effective tools for bringing education opportunities to American Indians and hope for self-sufficiency to some of this nation's poorest regions. The modest Federal investment in the 1994 Land Grant Institutions has already paid great dividends in terms of increased employment, education, and economic development. Continuation of this investment makes sound moral and fiscal sense. American Indian reservation communities are second to none in their need for effective land grant programs and as earlier stated no institutions better exemplify the original intent of the land grant concept than the 1994 Land Grant Institutions.

We appreciate your long-standing support of the Tribal Colleges and Universities and are also grateful for your commitment to making our communities self-sufficient. We look forward to continuing our partnership with you, the U.S. Department of Agriculture, and the other members of the nation's land grant system—a partnership that will bring equal educational, agricultural, and economic opportunities to Indian Country.

Thank you for this opportunity to present our funding proposals to this Subcommittee. We respectfully request your continued support and full consideration of our fiscal year 2004 appropriations requests.

## PREPARED STATEMENT OF THE AMERICAN SOCIETY FOR MICROBIOLOGY

The American Society for Microbiology (ASM), the largest single life science organization in the world, comprised of more than 42,000 members, appreciates the opportunity to provide written testimony on the fiscal year 2004 budget for the U.S. Department of Agriculture (USDA) research and education programs.

The ASM represents scientists who work in academic, medical, governmental and industrial institutions worldwide and are involved in research to improve human health, the environment, and agriculture. Microbiological research related to agriculture is important to understanding foodborne diseases, new and emerging plant and animal diseases, soil erosion and soil biology, agricultural biotechnology, and the development of new agricultural products and processes. The ASM is a member of the Coalition on Funding Agricultural Research Missions (CoFARM), which represents scientific societies and organizations involved in formulating research directions and needs for agricultural research and supports the recommendation to increase the USDA's entire research portfolio.

Advances in agricultural research continue to allow the United States to produce agricultural goods that are unrivaled in the world today. However, U.S. agriculture faces new challenges, including the threats of new and reemerging diseases, climate change, public concern about food security and its impact on the environment and fears about agroterrorism. Unfortunately, public investment in agricultural research has been stagnant for several years, impeding scientific advancement and progress, despite the recognized importance of the agricultural sector to the economy. According to the National Science Foundation's (NSF) Division of Science Resources Studies, agricultural research made up only 4 percent of all public funds devoted to basic research and only 2 percent of total R&D expenditures in fiscal year 2000. Furthermore, indirect costs associated with research are not at prevailing negotiated rates and are adversely affecting the direction of research. This is and will lead to unintended consequences in research priority setting in recipient institutions.

Agricultural research has led to many advances, including biotechnology, which contributes to a more abundant and nutritious food supply and a more environmentally friendly food production process, while reducing agriculture's reliance on chemical fertilizers, pesticides, and fungicides. With the advent of genomics, a critical research need in agriculture, we have entered a new era of scientific discovery in the agricultural field.

It is critical to increase the visibility and investment in research to respond to these challenges. The ASM encourages the Subcommittee to build upon the renewed focus on agricultural research supported in the Administration's fiscal year 2004 USDA budget. This will not only benefit U.S. agriculture but also the health and well-being of every American. Many health related conditions are due to poor nutrition and lack of understanding the old adage—you are what you eat. Major health care costs could be reduced if the American public were educated more in food nutrition and health.

*Infectious Diseases in Plants and Animals*

It is important to recognize a growing threat to the U.S. agricultural system that requires immediate attention—the threat of new and emerging infectious diseases. Like the human population, U.S. agriculture is also experiencing severe problems caused by new and emerging infectious diseases in plants and animals. Changes in agricultural practices, population growth, climate, microbial evolution, animal migration, and international trade and travel are all factors in introducing new plant and animal diseases into the U.S. agriculture system and natural resources, such as oak trees in California and predicted soybean rust. The lack of knowledge to manage effectively and control new and reemerging infectious diseases often leads to very serious consequences from lost productivity from quarantines to embargoes, and the destruction of plants and animals to control the spread of diseases. For example, citrus canker has cost millions in tree destruction in Florida. Research, monitoring, surveillance, and new sources of resistant genetic material, including the use of biotechnology, may enable continued growth of citrus trees commercially and by homeowners. New technologies, e.g. the polymerase chain reaction, now enables us to detect minute quantities of etiological agents, including those previously ascribed to physiological problems in plants, such as the class of viruses known as luteoviruses.

*Cooperative State Research, Education and Extension Service*

The ASM strongly supports competitive research and believes that the federal government should provide more opportunities for scientists to compete for federal research dollars across all agencies and scientific fields. In 1989, the Board on Agriculture of the National Research Council (NRC) recommended that public invest-

ment through competitive research grants in agriculture, food, and the environment be made a national priority. The NRC recommendation became the National Research Initiative Competitive Grants Program (NRI), which supports fundamental research on key agricultural problems including food safety, plant and animal genetics, and water quality (National Research Initiative: a Vital Competitive Grants Program in Food, Fiber, and Natural-Resources Research, NRC, 2000). The NRI enables USDA to develop new partnerships with other Federal agencies (e.g., the National Science Foundation: The Microbe Project) that advance the agricultural science enterprise.

The ASM commends the Administration and Congress for recognizing the funding gap in competitive, peer-reviewed research in its fiscal year 2003 appropriations for the NRI (\$167 million). The ASM supports additional funding for the NRI that will encourage agricultural science to tackle the many research needs in today's agriculture, such as, expanded research in microbial genomics, allergens in food, pharmaceutical and industrial products arising from biotechnology, and the possibility of agroterrorism as we face the threat of biological weapons.

The ASM urges the Subcommittee to fund the NRI at the President's requested \$200 million budget for fiscal year 2004. This level of funding ensures the commitment of the USDA to the competitive merit review process, provides funds for fundamental research with long-term potential for new discoveries, and improves human resource opportunities in agricultural research. The NRI has yielded extensive scientific advancements that are comparable to some of those made at other agencies that fund peer-reviewed research. For instance:

- One of the most challenging bacterial diseases in cattle causes a wasting, chronic diarrhea. The genome of *Mycobacterium paratuberculosis* was recently sequenced, years ahead of predicted schedule. Specific regions contributing to disease were identified and are now being tested in diagnostic tests. These genes and their products may also be the missing links for an effective vaccine.
- Food safety is a continuing challenge. Millions of foodborne illnesses occur yearly, including cases associated with the consumption of raw fruits and vegetables. These notoriously difficult to treat products are being evaluated by mild heat treatments to determine efficacy in producing safer and longer-lasting fresh products.

#### *Agricultural Research Service*

The ASM recommends that the Subcommittee build upon the Administration's proposed \$1 billion budget for fiscal year 2004, which is an \$18 million decrease from fiscal year 2003. The Agricultural Research Service (ARS) is the principal in-house research agency in the area of natural and biological sciences for the USDA.

United States agriculture is experiencing severe problems because of new and re-emerging infectious diseases in plants and animals, a threat, which requires immediate attention. The imminent threats of foot-and-mouth disease (FMD) in animals and plum pox in plants are examples requiring new and extensive research. Agroterrorism could also present a serious threat to the agricultural system and requires a renewed focus on animal and plant pathogens. Therefore, the ASM recommends that increased funding in this area be distributed equally between plant (emerging and exotic diseases of plants (\$3.4 million fiscal year 2004 increase)) and animal research (emerging, reemerging, and exotic diseases of animals (\$8.3 million fiscal year 2004 increase)) at \$10 million each for fiscal year 2004. This increase will allow ARS to focus on improving pest and disease management with biologically based technologies, genetics and genome mapping, and food safety. Furthermore, the ARS needs to focus additional resources in the area of rapid and accurate detection systems for animal and plant diseases and pathogens and effective treatment protocols. These tools remain a key component in the nation's efforts to safeguard the food supply from natural and manmade events. The ASM encourages Congress to increase funding in this high-payoff applied research.

The ASM also believes continued support of agricultural genomic research is a critical component of our nation's research enterprise. Increasingly, environmental factors are requiring new and novel solutions to plant production, protection (pest), nutritional content and food safety that are being addressed through genomic research. For example, ARS research recently (2003) found genetic markers near the first two of the four genes that may determine soybean resistance to cyst nematodes. These microscopic roundworms rob farmers of around 220 million bushels a year. This type of high-payoff research not only improves agricultural product health and cost, but also makes U.S. products more competitive and environmentally benign. The ASM is pleased to see the Administration recognizes the promise of genomic research through the allocation of an additional \$3.5 million for animal genomics. Research will also focus on developing diagnostic and vaccine tech-

nologies that will ultimately improve the nation's ability to control disease outbreaks, and mitigate the threats to the nation's animal, plant, and grain products.

#### *Animal and Plant Health Inspection Service*

The Animal and Plant Health Inspection Service (APHIS) has the critical role of policing the U.S. infrastructure that is in place to prevent, diagnose and respond to infectious diseases and pests. With the U.S. food system becoming increasingly susceptible to foreign diseases and pest through trade, the United States must upgrade its biosafety systems to address these threats. APHIS requires new, accurate and cost effective diagnostic tools and updated information technology. APHIS's long-term efforts have kept FMD and BSE out of the United States to date; however, APHIS needs new resources to increase the availability of vaccines and support efforts that could combat the potential release of these agents.

The ASM does not believe the Administration's budget reflects APHIS's daunting task of combating animal and plant diseases and pests. The ASM recommends that Congress increase funding for APHIS to \$1 billion, which is level with fiscal year 2003. This level of funding would reflect APHIS's role in addressing animal and plant health monitoring and outbreak management.

#### *Food Safety*

Foodborne illness continues to pose a major public health problem in the United States. The ASM urges Congress to match or exceed the President's \$675 million for the Food Safety and Inspection Service.

The U.S. food system must confront microorganisms that continue to adapt to their changing environments and begin to "out smart" current techniques to control their presence. Many foodborne microbes have developed resistance to conventional food preservation and disinfection techniques and continue to proliferate. It is also important to note that the diversity of microorganisms affecting food safety changes with time, processing techniques, location and other factors. Continued and sustained research is vital if the nation's food supply is to meet the expectations of the American consumer and trading partners.

#### *Microbial Genomics*

Microbes are involved in all aspects of agriculture, from beneficial uses of microbes in food (e.g., yogurt), to pest controls, to the spread of disease in plants and animals, and the contamination of the food supply. Studying the genomes of agricultural microbes is expected to enable development of new technologies to provide improved foods and better pathogen control to protect the nation's crops, to reduce the incidence of plant and animal disease, and to ensure a safer food supply. Thus, ASM is supportive of microbial genomics through ARS and the NRI program. Microbial sequencing is also expected to lead to speedier and more accurate identification of microbes, identify targets for intervention, as well as potential new antimicrobial agents. Coordination and cooperation with the National Science Foundation and the Department of Energy in this area is particularly promising; as is the interagency working group on microbes that focuses on sequencing and bioinformatics (i.e., The Microbe Project).

#### *Biobased Products*

The ASM continues to support the promising research to accelerate the conversion of agricultural materials and byproducts into biofuels, such as soybean oil conversion into (bio)diesel fuel. Such scientific advancements in biobased product research have the added benefit of enhancing farm income, strengthening U.S. energy security, rural revitalization, and environmental stewardship. ASM believes agriculture can play a positive role in achieving U.S. energy security and encourages the Subcommittee to consider the benefit biofuels represent to the entire agricultural and consumer community.

The ASM encourages Congress give high priority to agricultural research for fiscal year 2004. Many of today's scientific achievements leading to the development of biotechnology, genetically modified foods, improved crops and plant-based products and an improved environment have their roots in the basic research conducted by the USDA. The future holds many challenges from the monitoring of the ecological impact of transgenic plants to research in plant and animal diseases that is requisite to combating agricultural bioterrorism. We urge the Administration and Congress to assist the USDA to address these issues.

The ASM appreciates the opportunity to provide written testimony and would be pleased to assist the Subcommittee as the Department of Agriculture bill is considered throughout the congressional process.

## PREPARED STATEMENT OF THE AMERICAN SOCIETY FOR MICROBIOLOGY

The American Society for Microbiology (ASM), the largest single life sciences society representing over 40,000 scientists, recommends that Congress increase the Administration's proposed Food and Drug Administration (FDA) budget of \$1.7 billion for fiscal year 2004, which represents an increase of \$59 million over fiscal year 2003, or only 3 percent. Sufficient financial resources must be allocated to the FDA in order for this crucial agency to continue its science-based oversight of public health and safety. The FDA's current priorities reflect its diverse roles in protecting and improving the well-being of individual Americans, ensuring homeland security against potential terrorist attacks, reducing the numbers of adverse health events associated with the food supply and health care products, distributing accurate information about FDA regulated products, and basing its decisions on solid science.

The agency has been and will be responsible for much of the nation's countermeasures against potential biological and chemical terrorist attack. But the FDA's long-standing responsibilities also influence the day-to-day, ordinary aspects of American life. In 2002 alone, the FDA evaluated and approved for marketing nearly 5,000 new drugs, biologics, medical devices and animal drugs. At the same time, its personnel monitored about eight million import shipments. Consumers spend 25 cents of every consumer dollar—nearly \$1.5 trillion—on products regulated by the agency, including therapeutic drugs, medical devices, and most of the nation's food supply. Public trust in the FDA reflects how well the agency fulfills these broad-based and complex responsibilities.

The ASM urges Congress to fully support the FDA's role as protector of public health. Adequate funding will ensure that the agency can still perform counter-terrorism, consumer product safety, and food safety within the context of scientific research, complete and accurate information, and productive collaborations with stakeholders.

*Science-Based Security and Safety*

The protective mission of the FDA is a complicated mixture of law and science—as the numbers of new products, food imports, and potential health threats increase, so do the added regulations, invested stakeholders, and revised responsibilities. The ASM recognizes that the FDA's principal strength is the up-to-date information from which the agency determines its new-product evaluations and its regulation enforcement. Only strong funding will assure that this science-based decision-making continues at all of the FDA's research centers. Research by agency personnel, combined with data gathered from outside research groups, ensure that safe and effective products reach the market and that these products remain safe after market approval. In the approval of new vaccines or the inspection of shellfish, FDA personnel rely on the latest in scientific evidence and technology.

New technologies like nucleic acid amplification testing (NAT) have significant potential in protecting the nation's health and thus must be included among the FDA's diverse research capabilities. The agency's Center for Biologics Evaluation and Research (CBER), which is responsible for the safety of the nation's blood supply, has in recent years approved NAT-based blood testing procedures. These tests currently screen all donated blood in the United States for HIV and hepatitis C infection, and the FDA is studying their potential to screen for West Nile virus (WNV). Concerned with any new and emerging health threat, CBER scientists also are conducting studies and gathering extramural evidence on innovative WNV vaccines and treatments. This characteristic scientific readiness against new threats like WNV infection and bovine spongiform encephalopathy (BSE or "mad cow disease") should be supported with adequate funding.

*Counter-Terrorism and Project Bioshield*

Unfortunately the threats to public health have expanded dramatically to include both real and potential acts of terrorism and bioterrorism. The political environment overseas further intensifies the dire possibilities for biological and chemical terrorism against American citizens, and thus intensifies the crucial protective role of the FDA. Part of the Administration's proposed fiscal year 2004 budget for the FDA falls under the Public Health Security and Bioterrorism Preparedness and Response Act of 2002—a reflection of the FDA's deserved reputation for assessing and managing such threats. In his recent State of the Union address, President Bush announced Project BioShield, a science-based program that further enlarges the FDA's counter-terrorism activities and increases pressure on the agency's funding resources.

Under Project BioShield, research and public health agencies—in particular the FDA and the National Institutes of Health—will collaborate with the new Department of Homeland Security to develop and make available more modern, up-to-date

diagnostic tests, drugs, and vaccines against intentional attack with biological and chemical weapons. The program authorizes further stockpiles of the latest vaccines or drugs against such bioweapons as the infectious agents of smallpox, anthrax, and plague, as well as botulinum toxin and Ebola virus. The FDA also will be responsible for limited emergency-use authorization of promising medical countermeasures that have not completed standard review protocols. To do so, agency scientists must be fully informed on all scientific advances in medicine. Medical innovations such as recombinant DNA technology and molecular engineering, which are being studied in a number of other diseases, have potential against bioterrorism agents as well.

The Bioterrorism Act of 2002 mandated a comprehensive plan to protect against the intentional contamination of food and water supplies and of medical therapeutics and devices. As the food regulatory arm of the Federal Government, the FDA is responsible for developing the appropriate food safety measures. The agency also assures the adequate and safe supply of drugs and devices important to the nation's health, and thus has multiple roles within the war on terrorism.

The FDA's Center for Food Safety and Applied Nutrition (CFSAN) has already completed a number of activities aimed at enhancing the security of the national food supply. During fiscal year 2002, more than 600 new food inspectors and laboratory personnel were hired and more than 34,000 food import examinations conducted. The CFSAN's intramural research program shifted more resources to developing rapid test methods for microorganisms and chemical agents considered serious bioterrorism agents. The Center also initiated a nationwide Laboratory Response Network to identify local laboratory capabilities related to intentional contamination. Classified threat assessments done by CFSAN personnel have delineated the relative risks of contamination among different categories of food. New regulations currently under review include registration with the FDA of all domestic and foreign food-related facilities with U.S. markets, and tighter regulations covering imported foods and food-origin record keeping.

Under the 2002 legislation, the FDA likewise works with other Federal agencies to assure adequate supplies of therapies and vaccines that might be needed against bioterrorist attacks. Within the past year, the agency's Center for Drug Evaluation and Research (CDER) released evaluations of drugs for inhalation anthrax and called for scientific studies on new treatments for human plague. It also approved use of a drug to counter nerve gas poisoning among U.S. military personnel in combat and announced effective use of treatment for human contamination with radioactive substances.

The FDA mission against terrorism depends on the ability to mount a rapid and effective response against a range of possible weapons and avenues of attack. Along with the requisite scientific efforts made throughout the agency, effective countermeasures also depend upon well-coordinated cooperation with agencies at all Federal, State, and local levels, as well as advanced information-sharing systems. Concerned by the potential for bioterrorism, the ASM urges the Congress to place a high priority on significant funding for all branches of the FDA.

#### *Consumer Product Safety*

To safeguard public health, the FDA has the primary responsibility for ensuring that safe and effective products reach the marketplace and that those products remain safe and effective. This includes synthetic drugs, biologics, blood for transfusion, vaccines, medical devices such as cardiac implants and hearing aids, cosmetics and more. Not only is the FDA responsible for approving the sale and/or use of these products in a timely manner, it must track unfortunate outcomes such as medical errors involving FDA-approved products and the development of antimicrobial-resistant microorganisms. All these efforts require the FDA to have expertise in knowledge management, information gathering systems, quantitative risk assessment and computer modeling, plus the capability to rapidly disseminate information to the public and the private sectors. Within this complex regulatory environment, the FDA is trying to streamline procedures while encouraging research on a broader range of specific diseases.

Last year the FDA's approval of nearly 5,000 new drugs, biologics, medical devices and animal drugs represented an increase of almost 400 new products over 2001. They included a new diphtheria-pertussis-tetanus vaccine for children and a new drug to treat non-Hodgkins lymphoma. But there were few advances against certain serious diseases such as diabetes and obesity. In response to unmet needs, in January the FDA announced an initiative to improve the development and availability of innovative medical products, involving all of the agency's medical product review centers—i.e., biologics, drugs, devices, and veterinary medicine. It will shorten the amount of time for FDA review without diminishing standards, and facilitate new product development through better industry guidelines on specific diseases and

technologies. The initiative also identified three key areas of emerging technology that will receive more FDA resources: pharmacogenomics/pharmacogenetics, cell and gene therapy, and novel drug delivery systems. As elsewhere in the FDA, academic, industry, and patient groups will be solicited as partners in the discovery process.

#### *Medical Errors*

Despite evaluation and regulation of products, adverse events do occur. Medical errors related to drugs are estimated to cause from 40,000 to 100,000 in-hospital deaths each year. An Institute of Medicine report estimates that these adverse events increase the nation's hospitalization bill by up to \$17 billion annually, and that drug-related problems outside the hospital may add another \$76-plus billion to the nation's health care costs. Each year the FDA's MedWatch program and CDER's adverse event report system receive more than 250,000 reports associated with FDA-regulated drugs. CBER and the Centers for Disease Control and Prevention jointly manage the Vaccine Adverse Event Reporting System, another post-market surveillance system. The FDA and its centers are working nationally and internationally to reduce the incidence of these errors, through education of patients and health care professionals and in some cases withdrawal of the product from the marketplace.

#### *Antibiotic Resistance*

The misuse of antimicrobial drugs has had other serious side-effects of particular concern to the ASM membership—the emergence of disease-causing microorganisms resistant to the drugs traditionally used to treat infectious diseases. The CDC estimates that half of the 100 million prescriptions written by U.S. physicians each year are unnecessary, a practice that inevitably increases the numbers of resistant bacteria. About 70 percent of bacteria that cause infections in hospitals are now resistant to at least one of the drugs most commonly used to treat those infections. A Harvard study just published concludes that there likely will be a sharp rise in the strains of *Streptococcus pneumoniae* resistant to both penicillin and erythromycin. The FDA, concerned about the waning usefulness of traditional drugs, announced this February new drug labeling directed at physicians and designed to reduce antimicrobial prescriptions.

#### *Food Safety*

Although foodborne illness still accounts for about 76 million illnesses in this country, the U.S. food supply is among the safest in the world. The FDA's Center for Food Safety and Applied Nutrition (CFSAN) is responsible for safeguarding 80 percent of all food consumed (the Department of Agriculture regulates meat, poultry, and some egg products). The Center and the FDA field inspectors are responsible for \$240 billion worth of domestic food, \$15 billion worth of imported foods, and \$15 billion worth of cosmetics. Products are inspected for microbial and chemical contamination and for false labeling, while increasingly more production facilities are examined for FDA-developed Hazard Analysis and Critical Control Point protocols. The FDA's stewardship of food safety has emerged as a major component of the war against terrorism.

Like all other groups within the FDA, the CFSAN has a tremendous responsibility of impressive scope, yet it strives to make science-based decisions and policies and to disseminate accurate and timely information. Not only does the FDA succeed admirably in its efforts to protect the American public, but, it is respected internationally for its global influence. The ASM urges the Congress to appropriate an aggressive FDA budget and thus continue the robust and highly diverse ways in which the FDA preserves public health and national security.

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#### PREPARED STATEMENT OF THE AMERICAN SOCIETY OF PLANT BIOLOGISTS (ASPB)

The American Society of Plant Biologists (ASPB), representing nearly 6,000 plant scientists, appreciates this opportunity to submit comments to the Subcommittee for its consideration of fiscal year 2004 appropriations for research sponsored by the Department of Agriculture.

Support by the Subcommittee for the National Research Initiative Competitive Grants Program (NRI) and the Agricultural Research Service (ARS) contributes to important advances in fundamental and applied research in agriculture.

ASPB greatly appreciates the tremendous successful effort by the Subcommittee to increase support for the NRI by some 38 percent to \$166 million for fiscal year 2003! We urge the Subcommittee to continue to place an emphasis on core areas of plant research sponsored by the NRI, including plant biochemistry, genetic mechanisms, growth and development, plant response to the environment, genomic re-

search and invasive plants. Advances in these areas of research will make a major contribution to increased crop production by America's farmers.

The National Research Council Board on Agriculture and Natural Resources Committee report on the NRI in 2000 strongly endorsed support for this competitive grants program. The NRC committee "found the NRI to have financed high-quality scientific work within congressional guidelines. . . . The committee reiterates the extraordinary importance of public merit-based peer-reviewed research in food, fiber and natural resources. In the committee's opinion, past public research and current private activities cannot meet the needs that are being created by population growth, climate change and natural resource deterioration or the challenges related to food safety and nutrition and to the growing convergence of foods and medical research."

The NRC committee recommended that a major emphasis of the NRI continue to be the support of high-risk research with potential long-term payoffs. Much of this research would be classified as fundamental in the traditional use of this term.

A major conclusion of the NRC committee was that, "Without a dramatically enhanced commitment to merit-based peer-reviewed, food, fiber and natural resources research, the nation places itself at risk." Continued support for a balanced research portfolio in the Department including intramural and extramural research is needed to address the many and sometimes devastating problems farmers face in growing crops. ARS continues to address very effectively many important research questions for American agriculture, including many that are national in scope and best addressed by a Federal agency. American farmers and consumers are well-served by the large number of successful research efforts of ARS scientists.

In addition to the direct benefits to farmers and consumers that result from the leading research discoveries sponsored by the NRI and ARS, increased support for these programs will help maintain the strength and vigor of the nation's agricultural research community.

Helping American farmers meet the food production needs of the nation's 290 million people and millions more overseas places huge demands on the research community. With more former farmlands sprouting townhouses, and other non-agricultural development, there are increased demands on the research community to help boost crop yields per acre. At the same time, the research community is called upon to find more environmentally benign approaches to increase yields. We believe that these goals of producing higher crop yields on the same or less acreage in a manner that is friendlier to the environment could be met with increased emphasis on support for ARS-and NRI-sponsored plant research.

For example, research sponsored by the NRI and ARS is leading to plants engineered to tolerate higher levels of salinity. This will help farmers salvage more of their crops in dry seasons. Increased tolerance of future engineered plants to environmental stresses of cold and freezing will be a boon to growers. The Federal Government will experience savings in emergency spending for crop disasters—some disasters that will be avoided through use of new, enhanced plants.

Much progress has been made in fighting plant diseases with crops engineered to resist pests. At the same time, the usage of harsh chemical pesticides has been reduced through the use of genetically engineered crops. Research sponsored by the NRI and ARS contributed knowledge leading to the development of these superior crops. Increased support for the NRI and ARS will lead to more varieties of enhanced crops resistant to devastating diseases.

We urge the Subcommittee to increase support for the NRI and ARS in fiscal year 2004. As requested by the President, ASPB urges appropriating \$200 million to the NRI in fiscal year 2004. We urge a significant increase for ARS over the fiscal year 2003 appropriation.

Again, thank you for this opportunity to submit comments to the Subcommittee. We deeply appreciate the Subcommittee's leadership in support of plant research, which has been essential to producing and securing the nation's food supply.

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#### PREPARED STATEMENT OF THE ASSOCIATION OF STATE DAM SAFETY OFFICIALS

Dear Chairman Bennett and Members of the Subcommittee: The Association of State Dam Safety Officials is pleased to offer this testimony on the President's proposed budget for the Department of Agriculture for fiscal year 2004, specifically in support of the Watershed Rehabilitation Program.

The Association of State Dam Safety Officials is a national non-profit organization of more than 2,000 state, federal and local dam safety professionals and private sector individuals dedicated to improving dam safety through research, education and communications. Our goal simply is to save lives, prevent damage to property and

to maintain the benefits of dams by preventing dam failures. Several dramatic dam failures in the United States called attention to the catastrophic consequences of failures. The failure of the Federal Teton Dam in 1976 caused 14 deaths and over \$1 billion in damages, and is a constant reminder of the potential consequences associated with dams and the obligations to assure that dams are properly constructed, operated and maintained.

The Administration's proposed budget includes only \$10 million in discretionary appropriations to fund rehabilitation of unsafe and seriously deficient dams that were originally constructed under USDA Watershed Programs. The Association of State Dam Safety Officials respectfully requests that this Subcommittee appropriate the full amount authorized by the 2002 Farm Bill, which includes \$55 million in discretionary funds and \$50 million in Commodity Credit Corporation (CCC) funding.

#### *The Problem*

The United States Department of Agriculture (USDA) under authorities granted by Congress beginning in the 1940s provided technical and financial assistance to local sponsors and constructed small watershed dams. These dams, completed primarily under the authority of Public Law 534 and Public Law 566 provided important benefits including flood protection, municipal and rural water supplies, irrigation, recreation, water quality, sediment removal and habitat. The USDA, in partnership with these local sponsors constructed nearly 11,000 small watershed dams across the country in 47 states.

Dams constructed under these USDA programs have provided local communities with years of critical service. They have provided flood protection for many homes and businesses, and the local transportation infrastructure. Many communities rely on watershed dams for drinking water and many farmers depend on those dams for necessary irrigation water to grow food and fiber.

However, these dams are aging and many are starting to reach the end of their design life. Many watershed dams no longer are able to continue to provide the benefits that the local communities have counted on for so many years, such as the expected level of flood protection. Many dams are unable to continue to provide the same storage volume for drinking water; and many of them are so filled with sediment that they cannot provide water quality and sediment removal functions. More alarming is the recognition that as these dams continue to age and deteriorate they threaten the very same local communities that have relied on them for protection and for quality of life improvements. Approximately 450 small watershed dams will reach the end of their expected design life by 2005; and over 1,800 will reach their design life expectancy by 2010.

The challenge is enormous, as the local sponsors cannot shoulder the entire burden alone. Without a fully funded Watershed Rehabilitation Program, the flood protection provided by these dams will be diminished, irrigation and drinking storage will be reduced and water quality will continue to decline. However, the most dramatic consequences from the aging and deterioration of these dams without their rehabilitation will undoubtedly be to increase the probability of a tragic failure. Dam failures cause lives to be lost, downstream property to be destroyed and damage to critical public infrastructure (roads, bridges, water treatment facilities). The cost of just one dam failure, measured in loss of life, property damage and clean up costs, could easily exceed the entire cost of the Watershed Rehabilitation authorization.

Often, development, attracted by the benefits provided by the dam, have significantly altered the upstream watershed and increased runoff and sediment transport to the dam. In addition, it is very common to see major downstream development in the area below the dam, within the dam failure flood zone, which causes dam safety officials great concern, as the dams no longer meet minimum dam safety requirements. These development consequences are typically beyond the control of the local sponsoring organizations, yet they are responsible to compliance with the state dam safety standards.

Many of the small watershed dams do not have Emergency Action Plans, essential for saving lives in the event of a dam failure. These plans provide for surveillance of the dam, notification of emergency management officials, evacuation plans, and most importantly the identity of the areas below the dam that would be flooded in the event of a dam failure. Without these plans, a local downstream community would have little chance of receiving adequate and timely warning in order to evacuate their homes and businesses. Critical to this plan is the completion of dam failure modeling to clearly map the downstream area flooded from a failure, often called the "danger reach". Rehabilitation funded under this program should include this, as part of the rehabilitation design and planning package. Considering the se-

curity threat alerts that so often include potential actions against dams, these plans are even more critical.

*Examples*

Iowa has been well served by their 1,300 watershed dams, including 500 in the Little Sioux River Basin. Currently, 65 of the watershed dams have exceeded their design life of 50 years and within five more years 100 more will exceed their design life. There are 92 project requests seeking assistance, which total nearly \$10 million in rehabilitation costs. These 92 dams pose a risk to 180 people and \$3.3 million in downstream infrastructure.

Local sponsors in Pennsylvania have submitted 22 requests for watershed rehabilitation projects. The total rehabilitation costs for these 22 dams is \$2.4 million, yet these dams return \$10.7 million in annual benefits; and leave 14,000 people and \$414 million of infrastructure at risk from a failure.

In Texas, there are nearly 2,000 USDA Watershed Dams that provide important irrigation water, critical flood protection and many other benefits. 65 watershed dams have already exceeded the 50-year design life, while another 340 more watershed dams will exceed their design life in just five years.

There are currently requests from sponsors to rehabilitate 198 watershed dams in Texas. These dams pose a threat to almost 20,000 people living below them; and \$87 million of public infrastructure is also risk. Yet, these 198 dams also provide \$13 million in benefits each year to Texan constituents who continue to rely on them. The estimated costs to rehabilitate these 198 watershed dams are approximately \$60 million.

Georgia is another state that has benefited from these federal programs as there are 357 small watershed dams, with 128 current requests from local sponsors for assistance from USDA to conduct rehabilitation including extending the service life of the dams. There are nearly 6,000 people and over \$1.5 billion of infrastructure at risk downstream from these dams. The annual benefits from these watershed dams are \$17 million. The estimated rehabilitation costs for these 128 dams is \$86 million, which represents the largest identified need of any state in the country.

Gwinett County, Georgia offers a dramatic example of changes in the watershed due to development beyond the control of the local sponsors. In the 1960's the population of Gwinett County was approximately 70,000 and the dams were primarily constructed to provide protection for agricultural areas. Today, there are 650,000 residents in Gwinett County with several hundred living below these dams that no longer meet dam safety standards.

In Missouri, there are 770 watershed dams with 189 requests for rehabilitation assistance to date. The estimate to rehabilitate these dams is just over \$15 million. These dams provide \$1.3 million in annual benefits and pose a risk to nearly \$3 million of downstream infrastructure.

Table 1 attached to this testimony lists, by state, the total number of USDA watershed dams currently identified as needing rehabilitation, the range of range of years the dams were constructed, the population and infrastructure at risk, the annual benefits derived from the dams and the estimated costs for rehabilitation.

*Request*

Mr. Chairman and Members of this subcommittee, the Association of State Dam Safety Officials see this full funding of this program as critical to the safety of the nation's dams as well as the lives and property downstream. Identifying a funding source for rehabilitating and securing our country's dams is a major challenge. For the 11,000 small watershed dams created through a highly successful program administered by the Federal government, Congress and the Administration should reconfirm their commitment to the structures and the American people who depend on the continuing benefits provided by these dams. These same people need to be secure that the dams the United States help them build will not fail or diminish their function.

ASDSO asks that the Subcommittee view funding the Rehabilitation of Watershed Dams as a significant re-investment in the benefits of the program and an investment in the safety of these dams. Therefore, this association respectfully requests that this Subcommittee provide additional appropriations beyond the Administration's request to fully fund this critical program at the \$105 million authorized level.

Thank you Mr. Chairman and members of the Subcommittee for this opportunity to submit this testimony. We look forward to working with the Subcommittee and staff in any way to advance the safety of dams in the United States.

TABLE 1.—SUMMARY OF PROJECT SPONSOR REQUESTS—REHABILITATION OF AGING DAMS—NATIONAL SUMMARY APRIL 2001

State	Total number of projects dams	Number of rehab requests	Dam construction range of years	Pop. at risk number est.	Infrastr. at risk dollar est.	Annual benefits provided dollar est.	Rehab cost dollar est.
AK	0	0	to				
AL	105	64	1960 to 1955	3,805	\$19,380,000	\$5,634,000	\$20,217,500
AR	170	28	1954 to 1986	245	8,655,000	2,131,743	12,983,800
AZ	25	22	1954 to 1988	75,560	178,330,000	28,440,000	51,000,000
CA	3	1	1955 to 1955	10,000	25,000,000	3,000,000	500,000
CO	144	9	1957 to 1982	55,580	70,000,000	3,743,000	11,900,000
CT	31	2	1961 to 1988	1,000	3,000,000	150,000	200,000
DE	0	0	to				
FL	10	0	to				
GA	357	128	1953 to 1993	5,931	1,583,238,241	17,465,239	86,287,500
HI	4	0	to				
IA	1,325	92	1948 to 1984	180	3,311,000	551,000	9,838,000
ID	3	1	1970 to 1970	5,000	10,000,000	675,000	2,000,000
IL	64	10	1960 to 1975	840	2,050,000	106,900	1,977,300
IN	110	14	1961 to 1973	1,101	38,150,000	1,344,460	4,400,000
KS	809	62	1954 to 1989	39	4,051,700	1,820,100	13,869,700
KY	200	22	1957 to 1975	12,100	16,700,000	2,902,800	11,700,000
LA	35	0	to				
MA	29	15	1960 to 1982	61,108	3,300,000	12,175,000	3,300,000
MD	16	0	to				
ME	16	3	1965 to 1975	0	0	6,000	30,000
MI	13	0	to				
MN	44	5	1957 to 1963	18	380,000	29,000	430,000
MO	770	189	1954 to 1982	0	2,829,825	1,299,810	15,170,000
MS	578	57	1957 to 1995	1,953	18,355,000	3,764,600	11,430,000
MT	16	7	1962 to 1975	365	21,000,000	2,465,900	1,520,000
NC	98	54	1954 to 1992	688	1,337,520	717,300	7,748,125
ND	48	2	1962 to 1979	250	5,500,000	1,200,000	1,350,000
NE	723	98	1954 to 1997	1,401	15,937,000	10,327,691	11,081,000
NH	24	0	to				
NJ	20	1	1962 to 1961	25	60,000	21,500	200,000
NM	78	12	1975 to 1962	2,256	154,900,000	1,333,000	8,400,000
NV	8	0	to				
NY	55	53	1955 to 1997	78,428	1,747,949	2,240,455	2,265,250
OH	61	30	1955 to 1976	720	13,250,000	2,355,000	7,550,000

	2,087	83	1949 to 1977	5,245	27,625,000	2,823,706	47,997,000
OK .....	5	2	1967 to 1969	125	1,100,000	1,400,000	200,000
OR .....	87	22	1960 to 1994	14,640	414,000,000	10,735,000	2,437,000
PA .....	2	0	to				
PR .....	0	0	to				
RI .....	86	39	1960 to 1985	69,335	62,868,000	1,532,700	1,619,500
SC .....	55	6	1960 to 1983	0	140,000	125,000	275,000
SD .....	140	0	to				
TN .....	2,038	198	1948 to 1987	19,677	87,104,000	13,315,700	59,805,000
TX .....	25	0	to				
UT .....	145	12	1956 to 1974	1,183	17,906,216	355,201	10,000,000
VA .....	4	4	1968 to 1973	960	25,000,000	292,000	800,000
VT .....	3	0	to				
WA .....	86	8	1956 to 1970	292	1,623,100	444,500	2,430,000
WI .....	167	93	1954 to 1992	13,969	76,587,670	7,658,767	99,013,310
WV .....	13	0	to				
<b>National Totals</b> .....	<b>10,935</b>	<b>1,448</b>	<b>1948 to 1997</b>	<b>444,019</b>	<b>2,914,437,221</b>	<b>144,582,072</b>	<b>521,924,985</b>

PREPARED STATEMENT OF THE BEAR TRUST INTERNATIONAL, BOONE AND CROCKETT CLUB, BOWHUNTING PRESERVATION ALLIANCE, BUCKMASTERS AMERICAN DEER FOUNDATION, CAMPFIRE CLUB OF AMERICA, CONGRESSIONAL SPORTSMEN'S FOUNDATION, CONSERVATION FORCE, FOUNDATION FOR NORTH AMERICAN WILD SHEEP, HOUSTON SAFARI CLUB, INTERNATIONAL ASSOCIATION OF FISH AND WILDLIFE AGENCIES, IZAAK WALTON LEAGUE OF AMERICA, MULE DEER FOUNDATION, NATIONAL RIFLE ASSOCIATION, NATIONAL SHOOTING SPORTS FOUNDATION, NATIONAL TRAPPERS ASSOCIATION, POPE AND YOUNG CLUB, QUALITY DEER MANAGEMENT ASSOCIATION, ROCKY MOUNTAIN ELK FOUNDATION, RUFFED GROUSE SOCIETY, SAFARI CLUB INTERNATIONAL, SHIKAR SAFARI CLUB INTERNATIONAL, THE WILDLIFE SOCIETY, WILDLIFE MANAGEMENT INSTITUTE, AND WHITETAILS UNLIMITED, INC.

Dear Chairman Bennett and Sen. Kohl: We urge you to include adequate funding in the fiscal year 2004 federal budget to fully implement the National Plan to Assist States, Federal Agencies and Tribes in Managing Chronic Wasting Disease in Captive and Free Ranging Cervids. We specifically ask your subcommittee to appropriate \$7.75 million for agency programs within Department of the Interior and, further, \$20.46 million for non-matching state and tribal grants to be administered either through USDA-Animal and Plant Health Inspection Service (APHIS) or the U.S. Fish and Wildlife Service (USFWS).

Chronic Wasting Disease (CWD) is always fatal for deer and elk. It has been found in either captive or free-ranging wildlife in 12 states and 2 Canadian provinces. Left unmanaged, this disease has the potential to devastate local deer and elk populations. Moreover, improper management of CWD will stimulate a major economic loss for state agencies and private businesses that rely on hunting and wildlife associated tourism for their livelihood. According to the USFWS's 2001 National Survey of Fishing, Hunting, and Wildlife-Associated Recreation, 10.9 million sportsmen and women spent 153 million days hunting big game in 2001. Collectively, they spent \$10.1 billion to purchase necessary equipment and to cover trip-related costs. And within Colorado, the Division of Wildlife estimated that deer and elk hunters generated \$599 million for the state's economy in 2001. Furthermore, the Division collected \$44 million through deer and elk license sales, which represented 54 percent of the agency's \$81.9 million budget for 2001.

In May 2002, the House Resources Subcommittees on Forests and Forest Health and Fisheries Conservation, Wildlife and Oceans held a joint oversight hearing on the CWD crisis. Invited witnesses were asked to provide suggestions as to how Congress and the federal government could most effectively assist states in the fight against CWD. Resultantly, the U.S. Department of Agriculture (USDA) and U.S. Department of the Interior (DOI) were directed to prepare a national plan to address CWD.

A national CWD task force was quickly formed to ensure that federal and state agencies cooperated in the development and implementation of an effective national CWD strategy and program. Membership for the task force, and its associated working groups, totaled 75 professionals who were knowledgeable in wildlife health, wildlife management, wildlife biology and livestock health and represented a myriad of state and federal wildlife management and animal health agencies, as well as universities.

On June 26, 2002 the task force released the National Plan to Assist States, Federal Agencies and Tribes in Managing Chronic Wasting Disease in Captive and Free Ranging Cervids, also known as the National CWD Plan. This plan represents the most current scientific knowledge on CWD, and delineates a strategy to identify the extent of the disease and management actions necessary to limit its spread. An Implementation Document was then developed to identify who will be responsible for individual projects, how these projects will help control CWD, how much money is necessary to implement the projects, and when each project should be completed. The Implementation Document, dated October 16, 2002, was provided to Bobby Acord, Director of APHIS, and Steve Williams, Director of the U. S. Fish and Wildlife Service. It is our understanding that the document has since been provided to the Office of Management and Budget for review and analysis. Both documents are available at <http://www.cwd-info.org/index.php/fuseaction/policy.policy>.

According to the National CWD Plan, the primary federal role will be to provide coordination and assistance with research, surveillance, disease management, diagnostic testing, technology, communications, information dissemination, education and funding for state CWD programs. Federal agencies will provide tools and financial assistance to states and help develop consensus-based approaches to CWD control.

The federal funding requirements identified in the Implementation Document total \$108 million over a three year period. It is important to recognize that not all

CWD funding has been or will be federal dollars. For example, it is estimated that the states of Colorado, Nebraska, and Wisconsin expended \$3.6 million to combat CWD during 2002. In Colorado, a portion of that money was used to cull approximately 450 mule deer and 200 elk, further evidence of the mounting need to protect the viability of wild and captive cervid populations.

We are concerned that the collaborative science-based recommendations in the National CWD Plan and its associated Implementation Document have not been given due consideration during the development of the fiscal year 2004 budget. The Implementation Document recommends \$13.6 million for USDA, \$7.75 million for DOI and \$20.46 million for state and tribal grants during the first year. However, the Administration only requested \$14 million for USDA, of which only \$7 million is for Plan activities. Moreover, DOI would receive \$2.4 million under the Administration's request, less than half of what the Implementation Document's authors recommended, and the states would receive nothing. We believe this spending request is woefully inadequate to effectively implement the National CWD Plan.

In summary, we urge you to include in the fiscal year 2004 federal budget the funding necessary to fully implement year one of the National CWD Plan. Both the DOI and the USDA Agriculture have been assisting states and tribes to the extent that their budgets permit; however, significant additional funding is needed to implement the actions and programs outlined in the National CWD Plan and its associated Implementation Document. Since the management of resident wildlife is the responsibility of the appropriate state wildlife agency, in addition to funding the CWD activities of both the DOI and USDA, the federal budget appropriation must provide funding that will be passed on to the states through a grant program that requires no match. The states have already spent millions of dollars on this issue and need federal funding assistance to continue the battle.

Thank you for reviewing our comments, and we look forward to working with you on this important issue throughout the appropriations process.

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PREPARED STATEMENT OF BOB LAWRENCE & ASSOCIATES INC.

Mr. Chairman and Members of the Subcommittee: My name is Bob Lawrence, and I am President of Bob Lawrence & Associates, Inc., a consulting firm located in Alexandria, Virginia. With me today is Jim Goldwater, a Vice President with my firm. We are here today to request full funding of the Department of Agriculture's conservation programs, as authorized in last year's Farm Bill. These programs provide valuable assistance to farmers and ranchers striving to preserve and enhance both water quality and water quantity. Specifically, for the Environmental Quality Incentives Program (EQIP), we support the Department's request of \$850 M. For the Ground & Surface Water Conservation Program, we request the Authorized level of \$60 M, as opposed to the Budget Request of \$51 M, and for the Conservation Security Program, we request the maximum allowed under the formula created in the new Farm Bill.

Mr. Chairman, for the past 16 years, it has been the pleasure of our firm to provide consulting services to the modern, mechanized irrigation industry, and during those years, we have developed a deep admiration for the dedicated, ethical approach of this industry and the dramatic improvements that the industry has made to efficient water use, prevention of non-point source pollution through reductions in the application of chemicals, pesticides, and fertilizers, and significant increases in quality crop production. Similar improvements have occurred in the turf and landscape portions of the irrigation industry, resulting in the quality use of reclaimed water, increases in water use efficiency, such as irrigation scheduling, and efficient application resulting in chemical reductions. The reductions in water use as well as water waste offer the additional benefit of helping to minimize future droughts. For these reasons, we commend the United States Congress for its vision and leadership by including important irrigation provisions in the landmark Conservation title in last year's Farm Bill, and for ensuring that improvements in the use of agricultural irrigation are eligible for assistance under these Conservation programs. A brief description of each program follows:

*EQIP.*—The Environmental Quality Incentives Program provides incentive assistance to ranchers and farmers to install, maintain, or upgrade conservation measures (including water quality enhancement, erosion control, and enhanced irrigation management) on more than 17 million acres of agricultural land. Funds are split between livestock (60 percent) and crop producers (40 percent).

The Ground and Surface Water Conservation Program, which falls under the EQIP umbrella, provides cost-shared, low-interest loans, and incentive payments to encourage ground and surface water conservation. Under the Farm Bill conference

agreement, water conservation activities that are eligible for incentive payments and cost-share include “low-energy precision irrigation systems, low-flow irrigation systems . . . and conversion from gravity or flood irrigation to higher efficiency systems.” The agreement also authorizes assistance “to improve irrigation systems and to enhance irrigation efficiencies,” language which we proposed. Assistance is also authorized to “mitigate the effects of drought.” Clearly, this program is timely and addresses the heart of present, national, farm problems.

*The Conservation Security Program.*—This new program was created to assist agricultural producers to maintain or adopt conservation practices on private agricultural land. It is intended to help the producers implement programs to address resource problems, including soil, air, water, plant and animal, and energy conservation. Specifically defined practices include “water conservation (including through irrigation) and water quality management.”

During consideration of the Farm Bill in the last Congress, the domestic irrigation industry which we represented justified greater national acceptance of and commitment to efficient irrigation technology in a number of ways. These included the following:

- In the United States, streams, lakes, and aquifers hold 75 percent of our fresh water. According to the U.S. Geological Survey, of the remaining 25 percent, agriculture uses about 80 percent.
- Since agriculture accounts for most of the country’s daily water consumption, solutions for both water quality and quantity problems are likely to involve agriculture.
- Conservation and improved efficiency offer the greatest opportunities for helping to address water resource protection.
- According to the Farm and Ranch Irrigation Survey, pressurized irrigation is substantially more efficient than gravity (flood) systems. For example, on virtually the same amount of agricultural land, pressurized irrigation used just 37 percent of the water used for agricultural purposes, while flood accounted for 63 percent.
- Irrigated acres account for only 15 percent of U.S. farmland but produce 38 percent of farm revenue, according to the National Research Council.
- Sound water management practices, including the deployment of modern irrigation technology, can help preserve limited water supplies during incidents of drought.
- The National Oceanic and Atmospheric Administration has estimated that drought causes annual economic losses of \$6–8 billion, more than the losses caused by floods or hurricanes.
- The reduction in the amount of water applied each year by agriculture adopting more efficient technology practices equals the water needed for the annual personal use of every man, woman, and child in the nation’s 29 largest cities.
- Control of nonpoint source pollution, particularly that caused by agricultural activities including animal waste production, is a preeminent water quality concern, since runoff from farming and urban areas causes over 50 percent of the nation’s nonpoint source pollution.
- The development and deployment of more efficient irrigation technologies can substantially enhance water quality by preventing erosion of top soil and reducing nonpoint source pollution through such means as limiting the amounts of pesticides, chemicals, and fertilizers applied. Greater utilization of efficient irrigation will also contribute significantly to the protection of watersheds, aquifers, and other water sources.
- Modern irrigation technology can also reduce the amount of water lost through inefficient or outdated systems. It allows the agriculture, turf and landscape, and golf course industries to apply water more efficiently, taking into consideration time of day, local topography and soil conditions, the size and configuration of the area requiring irrigation, and weather. Proper irrigation system scheduling minimizes and can even eliminate wasteful application by considering such factors as natural rainfall and saturated soils.
- Landscaping can increase residential property values by 7 percent and add as much as 15 percent to the selling price of a home.

In Conclusion, Mr. Chairman, let us reaffirm that the many benefits offered by modern irrigation technology can help us address a variety of problems faced by the agricultural community—indeed, the entire country—today. The Conservation programs listed above, and the incentives provided by these programs, will enable many, many farmers and ranchers to implement critical and timely solutions, thereby strengthening our agricultural community and improving our air and water environments.

We thank you for the opportunity to present this testimony.

PREPARED STATEMENT OF THE CALIFORNIA INDUSTRY AND GOVERNMENT CENTRAL CALIFORNIA OZONE STUDY COALITION ON BEHALF OF THE CALIFORNIA INDUSTRY AND GOVERNMENT CENTRAL CALIFORNIA OZONE STUDY COALITION WE ARE PLEASED TO SUBMIT THIS STATEMENT FOR THE RECORD IN SUPPORT OF OUR FISCAL YEAR 2004 FUNDING REQUEST OF \$500,000 FOR CSREES FOR THE CENTRAL CALIFORNIA OZONE STUDY (CCOS)

Most of central California does not attain Federal health-based standards for ozone and particulate matter. The San Joaquin Valley is developing new State Implementation Plans (SIPs) for the Federal ozone and particulate matter standards in the 2002 to 2004 timeframe. The San Francisco Bay Area has committed to update their ozone SIP in 2004 based on new technical data, and the Sacramento area also plans to re-evaluate their ozone SIP in that timeframe. In addition, none of these areas attain the new Federal 8-hour ozone standard. SIPs for the 8-hour standard will be due in the 2007 timeframe—and must include an evaluation of the impact of transported air pollution on downwind areas such as the Mountain Counties. Photochemical air quality modeling will be necessary to prepare SIPs that are approvable by the U.S. Environmental Protection Agency.

The Central California Ozone Study (CCOS) is designed to enable central California to meet Clean Air Act requirements for ozone SIPs as well as advance fundamental science for use nationwide. The CCOS field measurement program was conducted during the summer of 2000 in conjunction with the California Regional PM<sub>10</sub>/PM<sub>2.5</sub> Air Quality Study (CRPAQS), a major study of the origin, nature and extent of excessive levels of fine particles in central California. CCOS includes an ozone field study, a deposition study, data analysis, evaluations of model performance, and a retrospective look at previous SIP modeling. The CCOS study area extends over central and most of northern California. The goal of the CCOS is to better understand the nature of the ozone problem across the region, providing a strong scientific foundation for preparing the next round of State and Federal attainment plans. The study includes six main components, some of which have been completed:

- Developed the design of the field study.
- Conducted an intensive field monitoring study from June 1 to September 30, 2000.
- Developing an emission inventory to support modeling.
- Developing and evaluating a photochemical model for the region.
- Designing and conducting a deposition field study.
- Evaluating emission control strategies for the next ozone attainment plans.

The CCOS is directed by Policy and Technical Committees consisting of representatives from Federal, State and local governments, as well as private industry. These committees, which managed the San Joaquin Valley Ozone Study and currently manage the California Regional PM<sub>10</sub>/PM<sub>2.5</sub> Air Quality Study, are landmark examples of collaborative environmental management. The proven methods and established teamwork provide a solid foundation for CCOS. The sponsors of CCOS, representing state, local government and industry, have contributed approximately \$9.1 million for the field study. The Federal Government contributed \$3,730,000 for some data analysis and modeling. In addition, CCOS sponsors are providing \$2 million of in-kind support. The Policy Committee is seeking Federal co-funding of an additional \$6.25 million to complete the remaining data analysis and modeling portions of the study and for a future deposition study. California is an ideal natural laboratory for studies that address Federal, agriculture-related issues, given the scale and diversity of the various ground surfaces in the region (crops, woodlands, forests, urban and suburban areas).

For fiscal year 2004, our Coalition is seeking funding of \$500,000 through the U.S. Department of Agriculture (USDA) Cooperative State Research, Education, and Extension Service (CSREES). Domestic agriculture is facing increasing international competition. Costs of production and processing are becoming increasingly more critical. The identification of cost-effective options for addressing environmental options affecting agricultural costs will contribute significantly to the long-term health and economic stability of local agriculture. A CSREES grant is needed to address the issue of crop ozone adsorption, soil NO<sub>x</sub> emissions, smoke particulate dispersion and deposition, alternatives to open burning. Particulate dispersion is managed in order to minimize smoke impacts and avoid violations of ambient air quality standards. The air quality impacts of particulate dispersion and alternatives to burning need to be addressed. CCOS will improve the ability to assess the impacts of smoke particulate dispersion. A CSREES grant is also needed to better understand the potential air quality benefits of crop ozone adsorption in the air quality modeling inventory. Recent studies have shown that crop ozone adsorption can have significant beneficial impact impacts on ozone formation.

There is a national need to address data gaps and California should not bear the entire cost of addressing these gaps. National data gaps include issues relating to the integration of particulate matter and ozone control strategies. The CCOS field study took place concurrently with the California Regional Particulate Matter Air Quality Study—previously jointly funded through Federal, State, local and private sector funds. Thus, CCOS was timed to enable leveraging the efforts of the particulate matter study. Some equipment and personnel served dual functions to reduce the net cost. From a technical standpoint, carrying out both studies concurrently was a unique opportunity to address the integration of particulate matter and ozone control efforts. CCOS was also cost-effective since it builds on other successful efforts including the 1990 San Joaquin Valley Ozone Study. Federal assistance is needed to effectively address these issues and CCOS provides a mechanism by which California pays half the cost of work that the Federal Government should pursue.

We appreciate the Subcommittee's consideration of our request. Thank you very much.

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PREPARED STATEMENT OF THE COALITION ON FUNDING AGRICULTURAL RESEARCH MISSIONS (COFARM)

The Coalition on Funding Agricultural Research Missions (CoFARM), representing 130,000 members from scientific and professional organizations, is united by a commitment to advance and sustain investment in our nation's fundamental and applied agricultural research.

We understand that the Agriculture Appropriations bill has many valuable and necessary components, and we applaud the efforts of the Senate Agriculture Appropriations Subcommittee which resulted in the National Research Initiative Competitive Grants Program (NRI) being funded at \$166 million fiscal year 2003, an increase of nearly 40 percent over fiscal year 2002! Below we have highlighted funding recommendations for the fiscal year 2004 appropriations cycle.

By priority area our recommendations include:

*Recommendation 1.*—CoFARM urges you to support the President's fiscal year 2003 proposal of \$240 million for the NRI. A study conducted by USDA's Economic Research Service highlights the annual rate of return to publicly fund agricultural research at 35 percent. Therefore, increased funding of agriculture research would be beneficial to our U.S. economy. Our research programs should be viewed as an investment in the future, not an expense. Moreover, funding the NRI at \$240 million would support the finding in the recent National Academies report, *Frontiers in Agricultural Research*, that total competitive grants should be substantially increased to and sustained at 20–30 percent of the total USDA research portfolio.

*Recommendation 2.*—CoFARM requests that any new monies appropriated for the NRI, as in fiscal year 2003, allow the Secretary the discretion to apply up to 20 percent towards carrying out integrated research, extension and education competitive grants program under the same conditions and terms as those provided for in the fiscal year 2003 spending bill. Multidisciplinary research efforts continue to have a promising future within all research communities, and agriculture does not differ from this trend.

The NRI is a highly respected competitive grants program that funds the basic research necessary to improve crop and livestock production, and the processes that deliver quality food products from farm to table while protecting and enhancing the nation's environment and natural resources. Recent security threats facing America require new and expanded agricultural research to protect our nation's forests, water supplies, food processing and distribution network, and rural communities and insure the future security, safety and sustainability of America's food and fiber system. In order to address these challenges and maintain our position in an increasingly competitive world, we must maintain and continue to support research programs such as the NRI.

Without ongoing research, our nation will be unable to meet the many current and new challenges facing our food production system from farm to table. Past investment in the NRI has allowed scientists engaged in research on agricultural systems to successfully achieve many breakthroughs which include:

- NRI researchers have improved feeding standards and management practices for livestock that reduce waste products and improve nutrient management to protect our soil and water resources.
- The USDA was the lead U.S. agency in the International Rice Genome Sequencing Project, which led to the published initial sequences for two varieties of rice (Science 296:32–35 (2002)).

- NRI researchers have observed that pre-pregnant overweight or obese women were associated with failure to initiate and sustain lactation. They concluded that a reduction in the prolactin response to suckling represents one biological mechanism that could help to explain the early lactation failure observed in overweight and obese women.
  - An NRI-funded study conducted by agricultural economists at Texas A&M addressed the influence of nutrition knowledge, food beliefs, and dietary restraint on food choices.
  - The development of national disaster response plans by NRI researchers working with the Department of Homeland Security.
- The future viability of our nation's production systems will depend on the investment in science we make today. Congress must enhance funding for competitive agricultural research to assure Americans of a safe and affordable food supply and to provide for the next generation of research scientists.
- As you lead the Congress in deliberation on funding levels for agricultural research, we urge you to support the President's proposal of \$240 million for the NRI. Please consider CoFARM as a supportive resource in efforts to improve agricultural research capacity. We hope you will call on our membership and scientific expertise.

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PREPARED STATEMENT OF THE COALITION TO PROMOTE U.S. AGRICULTURAL EXPORTS

As members of the Coalition to Promote U.S. Agricultural Exports, we commend the Chairman and members of the Subcommittee for their interest and support of U.S. agriculture and express our appreciation for this opportunity to share our views.

The Coalition to Promote U.S. Agricultural Exports is an ad hoc coalition of over 80 organizations, representing farmers and ranchers, fishermen and forest product producers, cooperatives, small businesses, regional trade organizations, and the State Departments of Agriculture (see attached). We believe the U.S. must continue to have in place policies and programs that help maintain the ability of American agriculture to compete effectively in a global marketplace still characterized by subsidized foreign competition.

Farm income and agriculture's economic well-being depend heavily on exports, which account for one-third or more of domestic production, provide jobs for millions of Americans, and make a positive contribution to our nation's overall trade balance. In 2003, U.S. agriculture exports are projected to reach \$57 billion, which is still below the high of roughly \$60 billion that was achieved in 1996. This lower level of exports is caused by a combination of factors, including continued subsidized foreign competition and related artificial trade barriers. U.S. agriculture's trade surplus is also expected to be about \$14 billion, down approximately 50 percent from 1996, with imports continuing at record levels.

According to recent USDA information, the European Union (EU) currently spends \$2 to \$5 billion annually on agricultural export subsidies compared to less than \$100 million by the United States. In other words, the United States is being outspent by a factor of 20 to 1 or more by the EU alone with regard to the use of export subsidies. During 1998–99, (the most recent year for which data is available), the EU, the Cairns group, and other foreign competitors also devoted more than \$1 billion on various activities to promote their exports of agricultural, forestry, and fishery products.

According to USDA, spending by these competitor countries on market promotion increased by 50 percent over the 1995–98 time period, while U.S. spending remained flat. We have no reason to believe that this trend in spending by our competitors has changed since then. Furthermore, almost all of this increase has been directed to the high-value and consumer-ready product trade.

Information compiled by USDA also shows that such countries are spending over \$100 million just to promote sales of their products in the United States. In other words, they are spending almost as much to promote their agricultural exports to the United States as the United States currently spends (\$110 million) through the Market Access Program (MAP) to promote American-grown and produced products worldwide! In fiscal year 1999, the United States recorded its first agricultural trade deficit with the EU of \$1 billion. In fiscal year 2002, USDA reported that the trade deficit with the EU had grown to \$2.2 billion, the largest agriculture deficit the United States runs with any market.

Because market promotion is a permitted "green box" activity under World Trade Organization (WTO) rules, with no limit on public or producer funding, it is increasingly seen as a centerpiece of a winning strategy in the future trade battleground. Many competitor countries have announced ambitious trade goals and are shaping

export programs to target promising growth markets and bring new companies into the export arena. European countries are expanding their promotional activities in Asia, Latin America, and Eastern Europe. Canada, Australia, New Zealand, and Brazil have also sharply bolstered their export promotion expenditures in recent years.

As the EU and our other foreign competitors have made clear, they intend to continue to be aggressive in their export efforts. During consideration of the 2002 Farm Bill, Congress sought to bolster U.S. trade expansion efforts by approving an increase in funding for MAP and the Foreign Market Development (FMD) Cooperator Program, which will begin to reverse the decline in funding for these export programs that occurred over the last decade. For fiscal year 2004, the new Farm Bill authorizes funding for MAP at \$125 million, and FMD is authorized at \$34.5 million. The Coalition strongly supports both levels of funding for these important export programs.

Both MAP and FMD are administered on a cost-share basis with farmers and other participants required to contribute up to 50 percent of their own resources. These programs are among the few tools specifically allowed under the Uruguay Round Agreement to help American agriculture and American workers remain competitive in a global marketplace still characterized by subsidized foreign competition. The over 70 U.S. agricultural groups that share in the costs of the MAP and FMD programs fully recognize the export benefits of market development activities. In fact, they have sharply increased their own contributions to both programs over the past decade while USDA funds have actually dropped. Since 1992, MAP participants have increased their contributions from 30 percent (30 cents for every dollar contributed from USDA) to almost 120 percent (\$1.20 in industry funds for every USDA dollar). For FMD, the contribution rate has risen from 76 percent to the current level of 120 percent. By any measure, such programs have been tremendously successful and extremely cost-effective in helping maintain and expand U.S. agricultural exports, protect American jobs, and strengthen farm income.

For all these reasons, we want to emphasize again the need to help strengthen the ability of U.S. agriculture to compete effectively in the global marketplace. American agriculture is among the most competitive industries in the world, but it cannot and should not be expected to compete alone against the treasuries of foreign governments. As a nation, we can work to export our products, or we can export our jobs. USDA's export programs, such as MAP and FMD, are a key part of an overall trade strategy that is pro-growth, pro-trade and pro-job.

Again, as members of the Coalition to Promote U.S. Agricultural Exports, we appreciate very much this opportunity to share our views and we ask that this statement be included in the official hearing record.

Coalition to Promote U.S. Agricultural Exports (See Attached List)

Alaska Seafood Marketing Institute	CoBank
American Forest and Paper Association	Diamond of California
American Hardwood Export Council	Florida Citrus Commission
American Meat Institute	Florida Citrus Mutual
American Peanut Council	Florida Citrus Packers Association
American Quarter Horse Association	Florida Citrus Processors Association
American Seed Trade Association	Florida Department of Citrus
American Sheep Industry Association	Food Export USA-Northeast
American Soybean Association	Georgia Poultry Federation
Blue Diamond Growers	Ginseng Board of Wisconsin
Calcot, Ltd.	Gulf Citrus Growers Association
California Agricultural Export Council	Highlands County Citrus Growers Association, Inc.
California Asparagus Commission	Hop Growers of America
California Association of Winegrape Growers	Indian River Citrus League
California Canning Peach Association	Kentucky Distillers Association
California Cling Peach Board	Land O'Lakes, Inc.
California Dried Plum Board	Mid-America International Agri-Trade Council
California Fig Institute	Mohair Council of America
California Kiwifruit Commission	National Association of State Departments of Agriculture
California Plum Marketing Board	National Association of Wheat Growers
California Strawberry Commission	National Barley Growers Association
California Table Grape Commission	National Cattlemen's Beef Association
California Tomato Commission	National Chicken Council
California Walnut Commission	National Confectioners Association
Cherry Marketing Institute	
Chocolate Manufacturers Association	

National Corn Growers Association	United Egg Association
National Cotton Council	United Egg Producers
National Council of Farmer Cooperatives	United Fresh Fruit and Vegetable Association
National Dry Bean Council	USA Dry Pea and Lentil Council
National Grain Sorghum Producers	USA Poultry & Egg Export Council
National Grange	USA Rice Federation
National Grape Cooperative Association, Inc.	U.S. Apple Association
National Milk Producers Federation	U.S. Dairy Export Council
National Pork Producers Council	U.S. Hide, Skin & Leather Association
National Potato Council	U.S. Livestock Genetics Export, Inc.
National Renderers Association	U.S. Meat Export Federation
National Sunflower Association	U.S. Rice Producers Association
National Turkey Federation	U.S. Wheat Associates
North American Millers' Association	Valley Fig Growers
Northwest Horticultural Council	Vinifera Wine Growers Association
Ocean Spray Cranberries, Inc.	Washington Apple Commission
Peace River Valley Citrus Growers Association	Welch's
Pet Food Institute	Western Growers Association
Softwood Export Council	Western Pistachio Association
Southern Forest Products Association	Western U.S. Agricultural Trade Association
Southern U.S. Trade Association	Wheat Export Trade Education Committee
Sunkist Growers	WineAmerica (The National Association of American Wineries)
Sun Maid Growers of California	Winegrape Growers of America
Sunsweet Growers, Inc.	Wine Institute
The Catfish Institute	
The Popcorn Institute	
Tree Top, Inc.	

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PREPARED STATEMENT OF THE COLORADO RIVER BASIN SALINITY CONTROL FORUM

The Congress concluded that the Colorado River Basin Salinity Control Program should be implemented in the most cost-effective way, and realizing that agricultural on-farm strategies were some of the most cost-effective strategies authorized a program for the Department of Agriculture within the Colorado River Basin Salinity Control Act. With the enactment of the Federal Agriculture Improvement and Reform Act of 1996 (FAIRA), the Congress directed that the Salinity Control Program should be implemented as one of the components of the Environmental Quality Incentives Program (EQIP). Since the enactment of the Farm Security and Rural Investment Act (FSRIA) in 2002, there is, for the first time, an opportunity to adequately fund the Salinity Control Program within the EQIP.

The Salinity Control Program, as set forth in the Colorado River Basin Salinity Control Act, is to benefit Lower Basin water users hundreds of miles downstream from salt sources in the Upper Basin. There are very significant economic damages caused by high salt levels in this water source. Agriculturalists in the Upper Basin where the salt must be controlled, however, don't first look to downstream water quality standards but realize local benefits. They submit cost-effective proposals to the State Conservationists in Utah, Wyoming and Colorado and offer to cost share. The Colorado River Basin Salinity Control Act provides that the seven Colorado River Basin States will also cost share in this effort, providing 30 percent of the funding. This has brought together a remarkable partnership.

After longstanding urgings from the states and directives from the Congress, the Department has concluded that this program is different than small watershed enhancement efforts common to the EQIP program. In this case, the watershed to be considered stretches more than 1,200 miles from the river's headwater in the Rocky Mountains to the river's terminus in the Gulf of California in Mexico. The Department has now determined that this effort should receive a special fund designation and has appointed a coordinator for this multi-state effort.

The NRCS has earmarked funds to be used for the Colorado River Basin Salinity Control Program and has designated this an area of special interest. The Forum appreciates the efforts of the subcommittee in this regard. In fiscal year 2002, there was earmarked about \$10 million. The states added about \$4.3 million in up-front cost-sharing in fiscal year 2002 and local producers cost-share, it is estimated, about another \$4.6 million. The plan for water quality control of the Colorado River was prepared by the Forum, adopted by the states, and approved by the EPA. In the water quality plan it is required that the USDA (federal) portion of the effort be

funded at a level of at least \$17.5 million. Hence, in fiscal year 2002 there was a shortfall in the minimum needed federal designated funds of about \$7.5 million. State and local cost-sharing is triggered by the federal appropriation.

The USDA indicates that more adequate funding in fiscal year 2003 for the EQIP program will result in more funds being allocated for the salinity control program. Over the past few years, the NRCS has designated that 2.5 percent of the EQIP funds be allocated to Colorado River Salinity Control. The Forum believes this is the appropriate future level of funding as long as it does not drop below \$17.5 million. The Basin states have cost sharing dollars available to participate in on-farm salinity control efforts. The agricultural producers in the Upper Basin are waiting for their applications to be considered so that they might also cost share in the program.

The Congress authorized in FSRIA that the EQIP program in fiscal year 2004 could be at the \$1 billion level. The President has requested \$850 million for financial assistance with the \$150 million balance being used to partially fund the Farm Bill Technical Assistance Account. The Forum urges the Subcommittee to adequately fund the EQIP program so as to provide that at least 2.5 percent of the cost sharing and technical assistance funds be designated for the Colorado River Basin salinity control effort.

#### OVERVIEW

The Colorado River Basin Salinity Control Program was authorized by Congress in 1974. The Title I portion of the Colorado River Basin Salinity Control Act responded to commitments that the United States made, through a Minute of the International Boundary and Water Commission, to Mexico with respect to the quality of water being delivered to Mexico below Imperial Dam. Title II of the Act established a program to respond to salinity control needs of Colorado River water users in the United States and to comply with the mandates of the then newly enacted Clean Water Act. This testimony is in support of funding for the Title II program.

After a decade of investigative and implementation efforts, the Basin states concluded that the Salinity Control Act needed to be amended. Congress agreed and revised the Act in 1984. That revision, while keeping the Department of the Interior as lead coordinator for Colorado River Basin salinity control efforts, also gave new salinity control responsibilities to the Department of Agriculture. Congress has charged the Administration with implementing the most cost-effective program practicable (measured in dollars per ton of salt removed). It has been determined that the agricultural efforts are some of the most cost-effective opportunities.

Since Congressional mandates of nearly three decades ago, much has been learned about the impact of salts in the Colorado River system. The Bureau of Reclamation has conducted studies on the economic impact of these salts. Reclamation recognizes that the damages to United States' water users alone are hundreds of millions of dollars per year.

The Colorado River Basin Salinity Control Forum (Forum) is composed of gubernatorial appointees from Arizona, California, Colorado, Nevada, New Mexico, Utah and Wyoming. The Forum has become the seven-state coordinating body for interfacing with Congress to support the implementation of a program necessary to control the salinity of the river system. In close cooperation with the federal agencies and under requirements of the Clean Water Act, every three years the Forum prepares a formal report analyzing the salinity of the Colorado River, anticipated future salinity, and the program necessary to keep the salinities at or below the levels measured in the river system in 1972 so as to control damages to downstream users.

In setting water quality standards for the Colorado River system, the salinity concentrations measured at Imperial, and below Parker, and Hoover Dams in 1972 have been identified as the numeric criteria. The plan necessary for controlling salinity has been captioned the "plan of implementation." The 2002 Review, Water Quality Standards for Salinity, Colorado River System, includes an updated plan of implementation. In order to eliminate the shortfall in salinity control resulting from inadequate federal funding for the last several years for USDA, the Forum has determined that implementation of the salinity control program needs to be accelerated. The level of appropriation requested in this testimony is in keeping with the agreed to plan. If adequate funds are not appropriated, state and federal agencies involved are in agreement that damage from the higher salt levels in the water will be more widespread and very significant in the United States and Mexico.

#### STATE COST-SHARING AND TECHNICAL ASSISTANCE

The authorized cost sharing by the Basin states, as provided by FAIRA, was at first difficult to implement as attorneys for USDA concluded that the Basin states

were authorized to cost share in the effort, but the Congress had not given USDA authority to receive the Basin states' funds. After almost a year of exploring every possible solution as to how the cost sharing was to occur, the states, in agreement with the Bureau of Reclamation, state officials in Utah, Colorado and Wyoming and with NRCS State Conservationists in Utah, Colorado and Wyoming, agreed upon a (parallel) salinity control program wherein the states' cost sharing funds are being contributed and used. We are now several years into that program and, at this moment in time, this solution to how cost sharing can be implemented appears to be satisfactory.

With respect to the states' cost sharing funds, the Basin states felt that it was most essential that a portion of the program be associated with technical assistance and education activities in the field. Without this necessary support, there is no advanced planning, proposals are not well prepared, assertions in the proposals cannot be verified, implementation of contracts cannot be observed, and valuable partnering and education efforts cannot occur. Recognizing these values, the "parallel" state cost sharing program expends 40 percent of the funds available on these needed support activities. Initially, it was acknowledged that the federal portion of the salinity control program funded through EQIP was starved with respect to needed technical assistance and education support. The Forum is encouraged with a recent Administration acknowledgment that technical assistance must be better funded. The Forum urges this Subcommittee to appropriate \$432 million as requested by the President for the Farm Bill Technical Assistance Account.

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PREPARED STATEMENT OF THE COLORADO RIVER BOARD OF CALIFORNIA

Your support and leadership are needed in securing adequate funding for the U.S. Department of Agriculture with respect to its on-farm Colorado River Basin Salinity Control Program for fiscal year 2004. This program has been carried out through the Colorado River Basin Salinity Control Act, since it was enacted by Congress in 1974. With the enactment of the Federal Agricultural Improvement and Reform Act (FAIRA) in 1996, specific funding for salinity control projects in the Colorado River Basin were eliminated from the federal budget, and aggregated into the newly created Department of Agriculture Environmental Quality Incentives Program (EQIP) as one of its program components. With that action, Congress concluded that the salinity control program could be more effectively implemented as one of the components of the EQIP. Prior to FAIRA, the Department of Agriculture had specific line item funding for salinity control projects as high as \$14.7 million, but in recent years funding made available through EQIP has averaged less than \$5.5 million per year which is woefully inadequate to ensure that water quality standards in the Colorado River, with regard to salinity can be met. California's Colorado River water users are presently suffering economic damages in the hundreds of million of dollars per year due to the river's salinity.

The Colorado River Board of California (Colorado River Board) is the state agency charged with protecting California's interests and rights in the water and power resources of the Colorado River System. In this capacity, California along with the other six Colorado River Basin States through the Colorado River Basin Salinity Control Forum (Forum), the interstate organization responsible for coordinating the Basin States' salinity control efforts, established numeric criteria, in June 1975, for salinity concentrations in the River. These criteria were established to lessen the future damages in the Lower Basin States of Arizona, California, and Nevada, as well as assist the United States in delivering water of adequate quality to Mexico in accordance with Minute 242 of the International The Honorable Robert Bennett, Chairman April 4, 2003 Page 2 Boundary and Water Commission. The goal of the Colorado River Basin Salinity Control Program is to offset the effects of water resource development in the Colorado River basin after 1972 rather than to reduce the salinity of the River below levels that were caused by natural variations in river flows or human activities prior to 1972. To maintain these levels, the salinity control program must remove 1,800,000 tons of salt loading from the River by the year 2020. In the Forum's last report entitled 2002 Review, Water Quality Standards for Salinity, Colorado River System (2002 Review) released in October 2002, the Forum found that additional salinity control measures in the order of 1,000,000 tons were necessary to meet the implementation plan. The plan for water quality control of the River has been adopted by the states, and approved by the Environmental Protection Agency. Since implementation of EQIP, federal allocations by the Department of Agriculture have not equaled the Forum's identified funding needs for the Department of Agriculture's portion of the program and thus its efforts have begun to lag behind. To date, the USDA has been successful in preventing 318,000 tons

of salt from entering the River system, however, over 370,000 tons of potential salt reduction have been identified that can be controlled with Department of Agriculture EQIP funding. The Forum has presented testimony to Congress in which it has stated that the rate of implementation of the program beyond that which has been funded in the past is necessary.

This testimony, in support of EQIP funding, has been prepared in advance of any Presidential or Congressional action on funding for the Farm Bill. The Colorado River Board is encouraged that with passage of the Farm Security and Rural Investment Act of 2002, the Commodity Credit Corporation (CCC) is authorized to borrow up to \$1 billion for EQIP in fiscal year 2004. Of the amount to be appropriated for EQIP, the Colorado River Basin Salinity Control Forum, at its meeting in San Diego, California, in October 2002, recommended a funding level of \$17.5 million for on-farm salinity control in the Colorado River Basin for fiscal year 2004 to maintain water quality consistent with the established standards. The Colorado River Board supports the recommendation of the Forum and urges this subcommittee to support the funding at the \$1 billion level from the CCC in fiscal year 2004 for EQIP. The Colorado River Board also requests that this subcommittee advise the Administration that \$17.5 million of these funds be designated for the Colorado River Basin Salinity Control Program. These federal dollars, if earmarked, would be augmented by state cost sharing of 30 percent with an additional 30 percent provided by the agricultural producer with whom the Department of Agriculture contracts for implementation of salinity control measures. The salinity control program has proven to be a very cost effective approach to help mitigate the impacts of higher salinity. Continued federal funding of the program is essential.

In addition, the Colorado River Board recognizes that the federal government has made significant commitments to the Republic of Mexico and to the seven Colorado River Basin States with regard to the delivery of quality water to Mexico. In order for those commitments to be honored, it is essential that in fiscal year 2004 and in future fiscal years, the Congress provide funds to the Department of Agriculture to allow it to continue providing needed technical support to the producers for addressing salinity control in the Basin. The Honorable Robert Bennett, Chairman April 4, 2003 Page 3 The Colorado River is, and will continue to be, a major and vital water resource to the 17 million residents of southern California as well as throughout the Lower Colorado River Basin. As stated earlier, preservation of its quality through an effective salinity control program will avoid the additional economic damages to users of Colorado River water in California, Arizona, and Nevada.

The Colorado River Board greatly appreciates your support of the federal/state Colorado River Basin Salinity Control Program and again asks for your assistance and leadership in securing adequate funding for this program.

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PREPARED STATEMENT OF THE CRITICAL MASS ENERGY AND ENVIRONMENTAL  
PROGRAM PUBLIC CITIZEN AND THE GOVERNMENT ACCOUNTABILITY PROJECT

Chairman Bennett, Ranking Member Kohl and Members of the Subcommittee: On behalf of our two organizations, we welcome this opportunity to present our views on the fiscal year 2004 Agriculture, Rural Development, Food and Drug Administration and Related Agencies Appropriations Bill. Public Citizen is a non-profit consumer organization founded by Ralph Nader in 1971. Public Citizen represents 150,000 members. The Government Accountability Project's mission is to protect the public interest by promoting government and corporate accountability through advancing occupational free speech and ethical conduct, defending whistleblowers, and empowering citizen activists. Founded in 1977, GAP is a non-profit, public interest organization and law firm.

*USDA—Food Safety and Inspection Service (FSIS)*

We are adamantly opposed to the Administration's proposal to collect \$122 million in user fees in order to recover the cost of providing inspection services beyond an approved eight-hour primary shift. We believe that such a proposal could compromise the effectiveness of FSIS inspectors. Furthermore, FSIS has already taken action to de-list foreign establishments that had been previously approved to export their meat and poultry products to the United States on the basis that inspection services were paid by the companies involved instead of by the foreign government. Implementation of the Administration's proposal would be hypocritical.

Additionally, we are concerned that the current proposal to hire 80 more FSIS inspectors will be inadequate to fill the current vacancies and to make up for previous years' cuts. We urge the subcommittee to request from the agency a full listing of

all current position vacancies and the length of time the positions have been vacant. We recommend that at least 200 new line inspectors be hired this year.

The alarming number and magnitude of the meat and poultry recalls that have occurred over the past year indicate that there are some serious problems with the implementation of the Hazard Analysis Critical Control Points (HAACP) program. We have been arguing for the past three years that HACCP has turned over too much of the authority to industry to police itself and has severely undercut the ability of FSIS inspection personnel to do their jobs. We have heard directly from inspection personnel who state that they are very confused over their roles in HACCP because of the conflicting instructions they receive from top level management within FSIS.

More troubling is the fact that the economic well-being of companies is placed ahead of the public's welfare by the management of FSIS. In 2002, we were able to obtain instructions to FSIS inspectors assigned to a Kansas slaughter plant in which they were admonished that should they err on the side of public health and stop a slaughter line they would be held personally liable for their decision.

We are also concerned about the lack of backing which FSIS inspectors receive from supervisors and USDA management when they discover food safety hazards in their assignments. In the ConAgra recall, information has surfaced that USDA knew of potential problems at the Greeley, Colorado plant as early as February 2002—some three months before the first recall notice went out. During that month, testing conducted by FSIS inspection personnel at the Montana Quality Foods and Processing plant located in Miles City, Montana and transmitted to the FSIS regional office in Minneapolis confirmed that the source of contaminated meat ground at Montana Quality Foods and Processing was the ConAgra plant in Greeley, Colorado. Working with John Munsell, the President of Montana Quality Foods and Processing, the inspection personnel tried to get FSIS upper level management to review food safety practices at the ConAgra plant. They were concerned that due to the large volume of product from this plant, inadequate practices could create a significant public health threat. Instead of applauding Mr. Munsell and the FSIS personnel for their investigative work, they have been maligned by top FSIS officials and have been told they had no authority to point the finger at ConAgra.

The same can be said of the Wampler recall. A twenty-year veteran inspector, Vincent Erthal, had tried to warn his supervisors for several months of the unsanitary conditions at the Wampler plant located in Franconia, Pennsylvania. He even requested that FSIS take enforcement action against Wampler. His concerns went unheeded. This past fall, the largest recall in FSIS history was issued for possible *Listeria monocytogenes* contamination of product coming out of that plant. After much soul-searching, Mr. Erthal decided to come forward to reveal how his attempts to warn FSIS supervision of his concerns were thwarted. Again, instead of backing their own employee, USDA management has circled the wagons and launched a campaign to discredit Mr. Erthal.

With all of the problems that FSIS has already experienced with their implementation of HACCP, the proposed fiscal year 2004 budget contains language that would expand the HACCP-Inspection Models Project (HIMP) in slaughter facilities. HIMP is still another attempt to weaken the authority of FSIS inspection personnel and turn that responsibility over to company personnel. In a December 17, 2001 report, the General Accounting Office documents glaring methodological deficiencies in the current pilot project that FSIS has been conducting. There has not been any evidence to show that those deficiencies have been addressed. Therefore, we would urge that this pilot project not go forward until reliable data is furnished upon which a proper evaluation can be made of the effectiveness of this program.

While we applaud additional funds to support food safety education, we believe that the money will actually be used to promote irradiation. In her written remarks to the Subcommittee, Under Secretary for Food Safety Dr. Elsa Murano stated it was her intent to devote resources to educate the public about food irradiation. Her remarks also indicate that she will attempt to blur the definition of pasteurization to include irradiation in her education campaign.

In focus groups conducted for FSIS in 2002, consumers in St. Louis, Missouri; Raleigh, North Carolina; and Philadelphia, Pennsylvania were asked whether they considered irradiation to be a form of pasteurization, and overwhelmingly consumers responded that making such an assertion would be misleading. Those findings corroborated findings from focus groups conducted for the Food and Drug Administration (FDA) in three different cities during the summer of 2001.

Lastly, we are concerned about the recent revelations that FSIS still has not addressed problems identified by the USDA Inspector General regarding the agency's re-inspection program for imported meat and poultry products. In 2000, the USDA Inspector General in 2000 noted some 18 deficiencies in the FSIS re-inspection pro-

gram. In her recent audit, the USDA Inspector General stated that FSIS had still not corrected 14 of those deficiencies—even though FSIS had agreed to do so three years ago. In light of the heightened concerns about the security of our food supply, this is unconscionable.

*USDA—Food and Nutrition Service / Agricultural Marketing Service*

The Farm Security and Rural Investment Act of 2002 (the Farm Bill) contained a provision (section 4201 (l)) that directed the Secretary of Agriculture not to prohibit the use of approved food safety technologies in any commodity purchased by the USDA for various government-sponsored nutrition programs, including the National School Lunch and National Breakfast Programs. The USDA has decided to interpret this language to mean the lifting of the ban currently in place against the use of irradiation as an intervention for ground beef products purchased for these programs. And, it seems this is the only approved food safety technology they are pursuing.

Section 4201 (l) never received any scrutiny by any congressional committee—in either the House or the Senate. It never received any floor debate—in either the House or the Senate. It was placed in the Senate version of the Farm Bill at the last minute as part of a 400-page manager's amendment. The conferees on the Farm Bill never even discussed it in open session.

On November 22, 2002, the USDA announced that it would solicit comments from the public on the implementation of Section 4201 (l) of the Farm Bill and specifically wanted comments on irradiation. The comments were collected by the Agricultural Marketing Service (AMS). The comment period ended on April 11, 2003. Of the comments posted on the AMS website on this subject by May 28, 2003, by a nearly 11 to 1 margin, citizens have expressed their opposition to lifting the ban on irradiation—with hundreds of comments still left to be posted. Comments opposing such action have come from nearly all fifty states, while those supporting the technology have come primarily from those who have direct ties to the irradiation industry.

In spite of this overwhelming opposition to permitting irradiation of food in the child nutrition programs, USDA announced on May 29, 2003 its intent to lift the prohibition on irradiation as an intervention.

In order to promote this technology, the Food and Nutrition Service (FNS) has funded an irradiation “education” program in three Minnesota school districts. The program is being administered by proponents of irradiation—with no access provided to opponents of the technology to present alternative views. In addition, the program is dominated by one irradiation company and its affiliates. In essence, FNS has funded a government-sponsored advertising campaign for one company.

What makes this “education” program significant is the fact that the material used to promote irradiation in Minnesota will be used across the country in other school districts. We have learned that one of the Minnesota school districts recently dropped out of the program because the superintendent came to the conclusion that this issue properly belonged in the public health arena and should be not be debated at the school district level. Consequently, it seems that FNS has wasted \$151,000 to fund an “education” program with incomplete results.

We are opposed to irradiation because we are not certain of its safety. Recent research coming from Europe indicates that some chemicals formed when certain foods are irradiated may be harmful when consumed. The new studies call into question the long-held position of the FDA and the food industry that irradiated foods are generally safe for human consumption. The studies confirm research published in 1998 and 2001 showing that concentrations of chemicals called 2-alkylcyclobutanones (or 2-ACBs)—which are found only in irradiated foods—caused DNA damage in human cells.

Among the new findings, 2-ACBs were shown to promote tumor development in rat colons. Also, scientists discovered that they could not adequately account for most of a dose of 2-ACBs fed to rats. While very small amounts of 2-ACBs were detected in their fat, most of the chemicals could not be recovered, implying that they are either stored in other parts of the body or transformed into other compounds. The 2-ACBs are formed when foods that contain fat are irradiated, such as beef, chicken, eggs and certain fruits—all of which can legally be irradiated and sold to consumers.

There is even less research into the long-term health effects experienced by children who are exposed to toxic chemicals in foods. Dr. William Au, a toxicologist at the Department of Preventive Medicine and Community Health, University of Texas Medical Branch in Galveston, has argued that the lack of understanding regarding the ill effects suffered by children who consume toxic chemicals in foods extends to “the toxicological risk with respect to eating irradiated food.”

Implementing Section 4201 (l) of the Farm Bill will create the largest mass-feeding of irradiated food to children over an extended period of time ever in the history in the world.

*Food and Drug Administration*

We are concerned about the lack of funding for the Food and Drug Administration (FDA) for import re-inspections. Even after the additional funding the agency received in fiscal year 2003 to hire more staff, the agency is only capable of re-inspecting a paltry 1.3 percent of imported food over which it has jurisdiction. This needs to be addressed with additional funding, with the goal of reaching at least the 20 percent re-inspection rate that USDA's FSIS is able to perform for imported meat and poultry products. Furthermore, FDA should be granted the same authority that FSIS currently possesses to inspect foreign establishments that can export their food to the United States.

We are also concerned with the repeated attempts to weaken the labeling for irradiated foods. The FDA has visited this issue repeatedly since 1997—primarily at the direction of Congress. Each time, the FDA finds that consumers do not see eye-to-eye on this issue with the irradiation industry and their supporters in Congress. It seems that there are those who want to keep on trying until we get it wrong.

In the conference committee report that accompanied the fiscal year 2001 Agriculture, Rural Development, Food and Drug Administration and Related Agencies Appropriations Act, the conferees stated:

The conferees expect FDA to make final the regulations regarding labeling of irradiated foods by March 1, 2002, and report to the House and Senate Committees on Appropriations on the status by November 15, 2000. This agreement changes the dates proposed for final regulations by the House of September 30, 2001, and by the Senate of October 30, 2001.

In its report to the Appropriations Committees, the FDA explained that it had published an Advanced Notice for Proposed Rulemaking (ANPR) in 1999 on food irradiation labeling as the agency was directed to do under the FDA Modernization Act conference committee report in 1997. In evaluating the comments that the agency received from the ANPR, FDA stated:

The majority of these comments were letters that urged the agency to retain special labeling for irradiated foods but did not address the specific issues on which FDA requested comment. A preliminary analysis of the comments suggest no consensus about what alternative language for disclosure of irradiation processing would be truthful and not misleading. Because the public comments provided no clear direction for agency rulemaking, FDA believes that 1999 ANPR fulfills the Agency's obligations under the FDAMA Conference Report.

The FDA went on to say in its report to Congress that it intended to impanel consumer focus groups to attempt to obtain further guidance on the labeling issue.

During the summer of 2001, the FDA contracted with ORC Macro, a public opinion research firm, to organize six consumer focus groups. Two of these focus groups were held in Calverton, Maryland (suburban Washington, DC); two were held in Minneapolis, Minnesota; and two were held in Sacramento, California.

In all of the focus groups, the moderator attempted to make a strong association between pasteurization and irradiation. This was significant since there have been some food irradiation proponents who have argued that a more appropriate term to describe irradiation on product labeling is either "cold pasteurization" or "electronic pasteurization."

In a 2002 report to Congress, the FDA summarized the results of those focus groups:

Most of the participants viewed alternate terms such as "cold pasteurization" and "electronic pasteurization" as misleading, because they appeared to conceal rather than disclose information about irradiated food products. Participants did not see the current disclosure labeling as a warning . . . Everyone agreed that irradiated foods should be labeled honestly. They indicated that the current FDA required statement is a straightforward way for labeling irradiated foods.

Furthermore, in his 2002 testimony before the House Subcommittee on Agriculture, Rural Development, Food and Drug Administration and Related Agencies Appropriations, Dr. Lester Crawford, Deputy Commissioner of the FDA stated: (W)hen we did focus groups at FDA on cold pasteurization, the general feeling of the average citizen was that this was kind of a ruse or a means to conceal the fact that the food had been irradiated. And so we are kind of back to square one. We

don't have a good synonym for irradiation and we would like to have one. We don't want to mislead the public.

The public has been very consistent on this issue—whether through the focus groups conducted for USDA or FDA or through comments solicited by FDA. There have already been too many resources devoted to this issue within FDA. The driving force ought to be what the consumers believe to be honest and straightforward labeling—not what some in industry think it ought to be. The FDA has a much more important mission to accomplish than devising ways to confuse and mislead consumers.

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#### PREPARED STATEMENT OF EASTER SEALS

Easter Seals appreciates the opportunity to report on the notable accomplishments of the USDA Cooperative State Research, Education, and Extension Service (CSREES) AgrAbility Program and request that funding for the AgrAbility Program be increased to \$4.6 million in fiscal year 2004.

The AgrAbility Program is an essential, unduplicated, hands-on resource for farmers, ranchers, and farmworkers with disabilities and their families. AgrAbility is the only USDA program dedicated exclusively to helping agricultural producers with disabilities. It demonstrates the value of public-private partnership by securing donations of funds, talent, and materials to magnify the impact of a modest federal investment. The fiscal year 2003 appropriation of \$4.2 million is funding 24 state projects.

#### DISABILITY & AGRICULTURE

Agricultural production is one of the nation's most hazardous occupations. According to the National Institute on Occupational Safety and Health, each year, approximately 182,500 agricultural workers sustain disabling injuries, about 5 percent of which permanently impair their ability to perform essential farm tasks. Tens of thousands more become disabled as a result of non-farm injuries, illnesses, other health conditions, and the aging process. Nationwide, over 13 million Americans living in rural areas have a chronic or permanent disability. Hundreds of thousands of farmers, ranchers, and agricultural workers who have disabilities are a vital part of rural America and the agricultural workforce.

The presence of a disability jeopardizes rural and agricultural futures for many of these individuals. Rural isolation, a tradition of self-reliance, and gaps in rural service delivery systems frequently prevent agricultural workers with disabilities from taking advantage of growing expertise in modifying farm operations, adapting equipment, promoting farmstead accessibility, and using assistive technologies to safely accommodate disability in agricultural and rural settings. Yet, with some assistance, the majority of disabled agricultural workers can continue to earn their livelihoods in agriculture and participate fully in rural community life.

#### AGRABILITY'S ROLE AND ACCOMPLISHMENTS

The AgrAbility Program was established under the 1990 Farm Bill in response to the needs of farmers, ranchers, and farmworkers with disabilities. The Farm Bill authorizes the Secretary of Agriculture to make grants to Extension Services for conducting collaborative education and assistance programs for farmers with disabilities through state projects and related national training, technical assistance, and information dissemination. Easter Seals is proud to be a partner with the University of Wisconsin-Extension Cooperative Extension to provide the national training and technical assistance portion of the AgrAbility Program. Thousands of people in states with and without state AgrAbility projects are aided through this initiative.

AgrAbility combines the expertise of the Extension Service and disability organization staffs to provide people with disabilities working in agriculture the specialized services that they need to safely accommodate their disabilities in everyday farm and ranch operations. AgrAbility received strong bipartisan support during the 2002 reauthorization of the Farm Security and Investment Act of 2002, and was extended through fiscal year 2007. The \$6 million authorization level for AgrAbility was continued.

Under the statute, state and multi-state AgrAbility projects engage Extension Service agents, disability experts, rural professionals, and volunteers to offer an array of services, including: identifying and referring farmers with disabilities; providing on-the-farm technical assistance for agricultural workers on adapting and using farm equipment, buildings, and tools; restructuring farm operations; providing

agriculture-based education to prevent further injury and disability; and, upgrading the skills of Extension Service agents and other rural professionals to better promote success in agricultural production for people with disabilities.

In 2003, USDA received an allocation from Congress of \$4.2 million. These funds are supporting 24 state projects, the national project, and USDA-CSREES administration of the Program. The state projects funded with fiscal 2003 money are California, Colorado, Delaware, Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Mississippi, Missouri, Nebraska, New York, Oklahoma, Pennsylvania, South Dakota, Tennessee, Texas, Utah, Vermont (with New Hampshire), Virginia, West Virginia, and Wisconsin.

AgrAbility provides customized assistance to farmers, ranchers, and farmworkers with disabilities and their families. The nature and degree of assistance depends on the individual's disability, needs, and agricultural operation.

Between April 1991 and March 2002, AgrAbility Projects in 31 states along with the national project accomplished the following:

- Provided assistance, including nearly 10,000 on-site visits, to over 11,000 farmers, ranchers, farmworkers or their family members affected by disability.
- Educated over 200,000 agricultural, rehabilitation, and health professionals on safely accommodating disability in agriculture.
- Recruited and trained more than 6,000 volunteers and peer supporters to assist agricultural producers with disabilities and their families.
- Reached 9,500,000 people through more than 8,500 exhibits, displays, and demonstrations to increase awareness of the challenges affecting and resources available to people with disabilities working in agriculture.
- In 2000, the National AgrAbility technical assistance and education grant was awarded to Easter Seals national headquarters and the University of Wisconsin-Extension Cooperative Extension. This new partnership is generating innovative and effective activities at the national level that will have a significant impact on the effectiveness of the state AgrAbility projects and the lives of agricultural workers with disabilities.

However, these numbers can never reflect the real difference that AgrAbility is making in people's lives. Jon Hagen of Waterville Iowa is a great example of this. Jon is a crop and dairy farmer who became paraplegic in 1998 as a result of an on the farm accident. AgrAbility has helped Jon return to farming and he can now provide a brighter future for his children. AgrAbility worked with Jon to add a lift to help him get in and out of his truck, add a sling lift to assist in getting in and out of his tractor, select an appropriate electric wheelchair for an agricultural environment, and to connect him with peer support that assisted him in transitioning to farming with a disability.

#### IMPACT OF CURRENT FUNDING LEVELS

A funding floor of \$150,000 per state was set in the 1990 Farm Bill to assure that the state programs were appropriately resourced to meet diverse, statewide agricultural accommodation needs. In the 2002 reauthorization of the Farm Bill, the Committee reaffirmed a commitment to that funding floor of \$150,000 per state. Because funding had not approached the \$6 million authorized level prior to fiscal year 2002, however, state projects had only received on average slightly under \$100,000 per state. The funding increase for AgrAbility in fiscal year 2002 provided USDA with the ability to fund projects at the \$150,000 base level. Easter Seals strongly supports full funding of state projects to assure that they continue to be effective for farmers with disabilities.

AgrAbility projects are underfunded relative to need and objective. At the current funding level, only a few staff can be hired to provide statewide education and assistance to farmers with disabilities, educate rural professionals, recruit volunteers, and work with rural businesses on disability-related issues. Rising demand for services and the great distances that must be traveled to reach farmers and ranchers severely strains even the most dedicated of AgrAbility's outstanding staff. Easter Seals fears that failure to invest adequately in this worthwhile program will ultimately cause it to falter.

An additional consequence of limited funding is that in every grant cycle some states with existing AgrAbility programs and a demonstrated need for services are not renewed and are forced to discontinue services to farmers with disabilities in that state. These states often have difficulty obtaining the access to the limited public and private funding sources that the federal seed money granted them. More than a dozen states have sought AgrAbility funding without success. Each of these states can demonstrate significant unmet needs among farm and ranch families affected by disability that AgrAbility could potentially address.

The fiscal year 2004 request of \$4.6 million would allow USDA to (a) continue to fund states up to the \$150,000 base level and add new projects in states currently unserved by AgrAbility or (b) increase the budgets of currently funded projects to allow much-needed expansion of existing services.

#### FUNDING REQUEST

The need for AgrAbility services has never been greater, and its accomplishments to date are remarkable by any standard. Easter Seals is proud to contribute to the ongoing success of the USDA-CSREES AgrAbility Program. Please support the allocation of at least \$4.6 million for AgrAbility in fiscal year 2004 to ensure that this valuable public-private partnership continues to serve rural Americans with disabilities and their families. Thank you for this opportunity to share the successes and needs of the USDA AgrAbility Program.

#### GRANT DISCLOSURE

Easter Seals receives the following federal grants:

- Project ACTION, \$3.0 million from the U.S. Department of Transportation to help transit providers implement the Americans with Disabilities Act (ADA) and to promote transportation accessibility for people with disabilities;
  - AgrAbility, \$290,554 from the U.S. Department of Agriculture to promote success in agriculture for people with disabilities and their families; and
- Eater Seals' state and local affiliated organizations, which are separately incorporated, receive funding from a variety of federal and state agencies to support their local programs. We do not, however, have specific information regarding their funding sources.

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#### PREPARED STATEMENT OF THE FEDERATION OF ANIMAL SCIENCE SOCIETIES

The Federation of Animal Science Societies (FASS) is the science-based voice for animal agriculture, animal products and food systems. FASS represents over 8,500 livestock and poultry scientists in the United States who conduct research, teaching and extension programs in academia and industry. Member organizations of FASS are the American Dairy Science Association, the American Society of Animal Science and the Poultry Science Association.

We applaud the efforts of the Senate Agriculture Appropriations Subcommittee, which resulted in the National Research Initiative (NRI) Competitive Grants Program being funded at \$166 million for fiscal year 2003, an increase of nearly 40 percent over fiscal year 2002! For fiscal year 2004, we ask for your continued support in the following areas.

First, FASS urges you to support the President's fiscal year 2003 proposal of \$240 million for the NRI. The annual rate of return to publicly funded agriculture research is 35 percent, as reported in a recent study by the USDA's Economic Research Service. Therefore, increased funding of agriculture research would benefit our U.S. economy. Furthermore, funding the NRI at \$240 million would support the recent finding in the National Academy of Sciences report "Frontiers in Agricultural Research" that total competitive grants should be substantially increased to, and sustained at, 20–30 percent of the total USDA research portfolio.

We must maintain and continue to support research programs such as the NRI. The NRI is a highly respected, competitive grants program that funds research necessary to improve livestock and crop production, and the processes that deliver quality food products from farm to table while protecting and enhancing the nation's environment and natural resources. Recent security threats facing America require new and expanded agricultural research to protect our nation's food processing and distribution network, waters, forests and rural communities. Federal funding of this type of research is essential to insure the future security, safety and sustainability of America's food and fiber system.

Second, FASS requests that any new monies appropriated for the NRI, as in 2003, would allow the Secretary the discretion to apply up to 20 percent towards carrying out an integrated research, extension and education competitive grants program under the same conditions and terms as those provided for in the fiscal year 2003 spending bill. Multidisciplinary research efforts continue to have a promising future in providing new knowledge and solutions to many issues facing our food system.

Third, FASS requests your support for animal genomics sequencing through the Agricultural Research Service (ARS) of \$5 million. Furthermore, we request your support for the President's fiscal year 2004 increase within the NRI targeted for animal genomics research of \$10 million.

FASS supports increased funding for animal genomics research. We applaud the USDA's leadership role in multi-agency collaborative efforts in the field of animal genomics. Increasing our understanding of farm animal genomics will enhance the future of animal agriculture. Animal genomics will lead the way for more nutritious, healthy, safe and affordable livestock products for a growing world population. Animal genomics research generates the most fundamental knowledge regarding the basic biology of the various agricultural animal species. Genomics research on the important food animal species will enable powerful applications in the future, including more effective and rapid genetic improvement program, more effective and efficient vaccines for disease resistance, and more nutritious animal food products. In addition, there is future potential to design animals to produce specific pharmaceuticals for human use, and which are more environmentally friendly. Both the ARS and NRI funding levels are important to take full advantage of the opportunities for USDA to collaborate with many partners.

The future viability of our nation's food system, and indeed the health of all Americans, will depend on the investment in science we make today. Congress must enhance funding for agricultural research to assure Americans of a safe and affordable food supply and to provide for the next generation of research scientists.

Mr. Bennett, we urge you to support the President's fiscal year 2003 proposal of \$240 million for the NRI and funding for animal genomics research of \$5 million for ARS and \$10 million targeted within the NRI. The livestock and poultry scientists of FASS seek to assist you in your efforts to improve agricultural research capacity. Please do not hesitate to contact us: Dr. Barbara P. Glenn, Executive Vice President-Scientific Liaison at [bglenn@faseb.org](mailto:bglenn@faseb.org), 301-571-1875.

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PREPARED STATEMENT OF FLORIDA STATE UNIVERSITY

Mr. Chairman, I would like to thank you and the Members of the Subcommittee for this opportunity to present testimony. I would like to take a moment to briefly acquaint you with The Florida State University.

Located in Tallahassee, the Capitol of Florida, FSU is a Carnegie doctoral/research-extensive university with rapidly growing research activities and programs. The University serves as a center for advanced graduate and professional studies, exemplary research, and top-quality undergraduate programs. Faculty members at FSU maintain a strong commitment to quality in teaching, to performance of research and creative activities, while retaining a strong commitment to public service for the State and Nation. Among the faculty are numerous recipients of national and international honors, including Nobel laureates, Pulitzer Prize winners, and members of the National Academy of Science. Our scientists and engineers do excellent research, have strong interdisciplinary interests, and often work closely with industrial partners in the commercialization of the results of their research. Having been designated as a Carnegie Research I University several years ago, The Florida State University had \$147.9 million in research support this past year.

One of our recent highlights is the fact that FSU has initiated a new medical school, the first in the U.S. in over two decades. Our emphasis is on training doctors as primary care physicians, with a particular focus on geriatric medicine—consistent with the demographics of our state.

With a student body of 37,000, we attract students from every county in Florida, every state in the nation, and more than 100 foreign countries. The University is committed to high admission standards that ensure quality and diversity in its student body, which currently includes some 278 National Merit and National Achievement Scholars, as well as students with superior creative talent. At The Florida State University, we are very proud of our successes as well as our emerging reputation as one of the nation's top public universities.

Mr. Chairman, let me tell you about a project we are pursuing this year through the U.S. Department of Agriculture.

In fiscal year 2001, Congress passed the Federal Crop Insurance Act, which included funding of partnerships for Risk Management Development and Implementation. This legislation authorized the USDA, working with NOAA, to enter into partnerships for the purpose of increasing the availability of tools for crop loss mitigation. The partnerships give priority for producers of agricultural commodities for specialty crops and under-served agricultural commodities. Congress authorized the program through fiscal year 2008.

The Federal Government, which sets crop insurance rates, needs to utilize new cost-effective ways to reduce risk by using modern ideas such as El Niño-La Niña climate variability; this would allow more appropriate and fair pricing of premiums for crop insurance. The Florida Climate Research Consortium, which consists of

Florida State University, the University of Florida, and the University of Miami, has been at the forefront of this climate prediction work. The Consortium has worked in Florida and throughout the Southeastern U.S., with support from NOAA, to develop new methods to predict the consequences of climate variability. More recently, in actual real-life tests, these methods and data have been applied to the problem farmers raising specialty crops face relative to rainfall; the efforts have also tremendous implication for officials in their fight against forest fires. In both instances and with the support of Florida's Commissioner of Agriculture, use of these methods and their application to these challenges has been seen as successful and well received.

In this consortium, Florida State University will provide the climate forecasts and risk reduction methodology. The University of Florida will provide crop models for predicting the climate variability effects on selected crops. The University of Miami will provide the economic modeling of the agricultural system. Each university will provide appropriate expert advice on interactions with farmers. In particular, the expertise of the Florida Agricultural Extension Service will be utilized. Additional collaborators will be added in fiscal year 2004.

FSU, on behalf of the FL Climate Consortium, is seeking \$3.5M in fiscal year 2004 for this activity through the U.S. Department of Agriculture. Utilization of these tools and their application to agricultural problems in this project has the strong support of Florida Commissioner of Agriculture, Charles Bronson.

Mr. Chairman, this is just one of the many exciting activities going on at Florida State University that will make important contributions to solving some key concerns our nation faces today. Your support would be appreciated, and, again, thank you for an opportunity to present these views for your consideration.

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PREPARED STATEMENT OF FRIENDS OF AGRICULTURAL RESEARCH—BELTSVILLE, INC.

Mr. Chairman, and Members of the Subcommittee, thank you for this opportunity to present our statement supporting funding for the Department of Agriculture's Agricultural Research Service (ARS), and especially for the Agency's flagship research facility, the Henry A. Wallace Beltsville Agricultural Research Center (BARC), in Maryland. Our organization—Friends of Agricultural Research—Beltsville—is dedicated to supporting and promoting the Center's agricultural research, outreach, and educational mission.

In keeping with the seriousness of the times, our testimony this year will address only two major themes. The first lays out a vision for a Center for Systematics—a vision for a partnership of excellence based in Beltsville in cooperation with the Smithsonian Institution's National Museum of Natural History and the University of Maryland.

Our second theme addresses the urgent need to continue support for specific research areas mandated by the Congress in fiscal years 2001, 2002, or 2003. These so-called add-ons attend to critical research needs that were recognized by this Subcommittee and others. We will list them with brief descriptions below.

*Center for Systematics (The Oxford English Dictionary defines Systematics as the branch of biology that deals with interrelationships of different species and their classification; systematic zoology, botany, etc.; taxonomy)*

Please consider for a moment these hypothetical scenarios from the draft report of a select committee assembled last November to evaluate the state and future of systematics at Beltsville.

A pest is discovered in Iowa for the first time, devastating the corn and soybean crops. What is it? Where did it come from? How can it be eliminated?

Bioterrorists are planning to introduce new pests that will destroy vegetable and fruit production in the United States. What organisms are most likely to be used? What strategies can be implemented to combat them? How can action agencies detect these organisms when they cross U.S. borders?

An invasive species of weed new to science is found to be widespread in Florida; its impact is so severe that five endangered species have become extinct and 30 other once-widespread species are now on the endangered list and their future is bleak. What is the plant species? Who will give it a name and more importantly who will know about other related species? Where does it come from? Are there organisms that feed on this weed in its native land that could be used to reduce its impact in Florida?

In each of these (hypothetical) cases, systematics provides the answers. But the field of systematics is in a serious crisis. Just at a time when these kinds of information and expertise are desperately needed, the community of systematists is di-

minishing at an alarming rate. Unless the trend can be reversed, the crisis in systematics will unfortunately mean a new crisis for the safety of U.S. agriculture, farmers, and the environment.

The Executive Summary sums up the select committee's findings and recommendations in these words:

"The Beltsville Systematics Summit was convened in November of 2002, with participation of national and international experts, to devise a plan to avert the looming crisis in U.S. agriculture. The plan is centered on the historically strong commitment of the Federal government to support systematics, and the concentration of 80 percent of that effort in the Beltsville Agricultural Research Center research programs. This report of the Systematics Summit states the case for urgent and immediate action to forestall the crisis. It provides a vision to assure that Beltsville Systematics programs are able to fulfill their Federal commitment to a strong systematics foundation for U.S. agriculture and agricultural research in the future. The long-term vision is that "Beltsville systematics programs will be a powerful force affecting the security and productivity of U.S. agriculture. As national and global leaders, BARC systematists will create programs strategically and synergistically integrating Research, Collections, Communications Technology, and Training."

If a strong and immediate commitment to that vision is made, the outcomes will assure that

- new knowledge on all agriculturally important organisms, both beneficial and detrimental, accumulates rapidly and is made quickly available for practical use;
- collections are safely maintained, in perpetuity, in modern and upgraded facilities;
- collections-based information flows unimpeded between university, Federal, and nongovernmental partners through constantly evolving communication systems; and
- a strong cadre of systematists to support Beltsville and collaborators' programs exists as a result of long-term strategic partnerships with other institutions to anticipate and fulfill critical training needs.

The culmination of the long-term vision is the development of a Center for Systematics of unparalleled excellence, nationally and internationally, that provides a cohesive and responsive base to United States and global agriculture needs.

Lack of a strong commitment, or inability to provide adequate funding, will mean that the United States leaves its borders and its agricultural communities vulnerable to invasive species, emerging diseases and intentional destructive actions using agricultural biological agents. It will forego the opportunity to gain knowledge of organisms that can sustain U.S. agriculture before it is too late. Tomorrow's needs cannot continue to be met with current resources. Demands on BARC systematics programs can only be met through significant increases in funding to prepare for the future. A well-designed plan to assure that is needed.

This report of the Beltsville Systematics Summit lays the groundwork and provides a framework for that plan to be developed in collaboration with a consortium of partners critical to its success. BARC systematics programs provide the front line of defense to both protect and expand U.S. agriculture. Only by adequate funding to support the vision can the United States be secure in providing a safe and adequate food supply for its citizens and a healthy and sustainable agricultural enterprise for its producers."

#### *Congressionally Mandated Programs at BARC*

*Animal Improvement Programs Laboratory.*—This venerable Beltsville laboratory and its predecessors have contributed over a century of steady genetic progress to America's milk production industry. Its reach is worldwide, helping producers everywhere make better informed genetic decisions and promoting export of American germplasm and breeding stock.

For many years America's dairy cows have steadily increased milk production at the rate of about 45 gallons per year. Approximately two-thirds of those increases can be traced to genetic progress. Much of the credit for that success stems from the cooperative national and international genetic evaluation programs of BARC's award winning Animal Improvement Programs Laboratory. The future of dairy industry will be greatly influenced by the research of the Animal Improvement Programs Laboratory. In recent years, the Laboratory staff has decreased as inflation and salary increases have eaten away at operating funds. We recommend continued funding support for the Laboratory.

*Barley Health Foods Research.*—Barley contains carbohydrates called beta-glucans that help control blood sugar and cholesterol. We recommend continued support for research to determine if barley-containing foods may affect the risks of such chronic

conditions as cardiovascular disease, diabetes, and obesity. This research is needed to assess the bioavailability and efficacy of food components found in barley and to identify foods, health practices, and attitudes associated with successful maintenance of weight loss.

*Biomineral Soil Amendments for Nematode Control.*—Losses to soil nematodes cost farmers billions every year. The soybean cyst nematode alone can cut soybean yields by 10 percent, often more. Citrus and vegetable crops also are vulnerable to intensive nematode damage. Growers are squeezed by expanding nematode infestations, nematicide resistance, and de-registration of traditional nematicides because of environmental concerns. BARC in cooperation with industry and others is pursuing new, more effective approaches to nematode control. Promising research lines include using such re-cyclable soil amendment as animal wastes, composts, and mineral by-products. We recommend continuing the increased funding for these promising approaches.

*Foundry Sand By-Products Utilization.*—Municipalities and industries generate vast quantities of by-products. By-products, such as foundry sand from the metal castings industry, have potential uses in agricultural and horticultural production processes. The Animal Manure and By-Products Laboratory will use the funding to identify beneficial new uses and assess risks to human health, safety, or the environment from using foundry sand in agriculture. A new soil scientist will be hired to support this work. We recommend continuation of this funding.

*Poultry Diseases.*—The mission of the Parasite Biology, Epidemiology, and Systematics Laboratory is to reduce the economic costs of parasites in livestock and poultry. Coccidiosis causes the greatest economic loss to the meat chicken industry from disease. But traditional chemical controls are becoming ineffective; and new non-chemical control methods are needed. New funding will be used to conduct functional genomics and proteomics analysis of coccidia to identify potential proteins that can be used in diagnostic tests and as targets for potential vaccine development. We recommend continuation of this funding.

*Biomedical Plant Materials.*—There is a growing need for functionally active, protective molecules for human and animal pathogens. We need them at lower cost and without risk to humans, animals, or the environment. Such molecules include recombinant antibodies, vaccines, and enzymes. Also, we need non-contaminated, lower-cost, more reliable diagnostic reagents.

In recent years, scientists have produced biomedical reagents from plants in the laboratory. The potential benefits are huge. For one example, replacing poultry vaccine injections with edible plant-produced vaccines would substantially lower poultry production costs. Beltsville is uniquely equipped to develop necessary systems and to test their efficacy in cooperation with other ARS facilities working on livestock and poultry diseases. This is a cooperative project with the Biotechnology Foundation, Inc., in Philadelphia. We recommend continuation of this funding.

*National Germplasm Resources System.*—This laboratory supports the national database that provides data storage and retrieval systems for collecting and disseminating germplasm information. It provides accurate taxonomy, transport, geographic, evaluation, inventory, and cooperator information for plant and animal germplasm holdings nationwide. This is an ARS mission-critical activity. We recommend continuation of funding.

*Bovine Genetics.*—Somatic cell nuclear transfer (cloning) technology has tremendous biomedical and agricultural potential. Yet the frequency of successful births from cloning has been relatively low. Many pregnancies fail before completing gestation. New funding will support collaborative research by the Gene Evaluation and Mapping Laboratory and the University of Illinois aimed at improving cloning efficiency. A new Molecular Biologist is being hired to support this effort. We recommend continuation of this funding.

*IR-4: Registration of Minor Use Pesticides.*—“Minor crops” have great economic value, but are not among the top ten crops like corn and soybeans that provide huge markets for pesticide manufacturers. Manufacturers often do not see a large enough market to justify the expense of doing the research needed to register a pesticide for a “minor crop.” Without the IR-4 program, growers would have fewer options for pest control. The Beltsville Environmental Quality Laboratory operates a minor crop pesticide residue laboratory. This lab vigorously enforces EPA-prescribed protocols for all experimental procedures, and prepares comprehensive final reports. New funds enhance the overall mission of the Agency’s IR-4 program. We recommend that this funding be continued.

*Invasive Species Initiative.*—Globalization has lowered trade barriers over much of the world. It also has contributed to the ease with which exotic organisms—or invasive species—enter U.S. habitats and environments. Invading pest species not only create ecological and economical problems, they also threaten biodiversity and

the financial stability of U.S. agriculture. Once invaders become successful competitors in natural or agricultural ecosystems, producers must spend millions every year to combat them. Collateral damage, such as loss of native diversity, may not be evident for years. Moreover, exotic species represent a biosecurity risk through deliberate introduction into the United States.

Beltsville laboratories are at the vanguard of invasive species research, covering prevention, detection, identification, and control. Invasive species research at BARC includes: insects and other arthropods, plants, pathogenic organisms, and parasitic diseases. Certain labs provide stand-by, 24-hour identification services for possible alien intruders. Others provide basic taxonomic information targeting preventive and control measures for use before or after invasive species have become established. Beltsville can point to many past successes in the battle against invasive species. Overall, Beltsville has the strongest invasive species programs in the nation. We strongly support this recommendation.

Mr. Chairman, that concludes our statement. We are grateful for your past support of the BARC mission. We urge support for the Center for Systematics as it may come before the Subcommittee. We further recommend continuation of the Congressionally mandated research we have listed.

Mr. Chairman, for the past several years our organization has submitted similar supporting testimony to this Subcommittee. As we prepare this year's testimony in the face of anxious times, we are at once mindful of and profoundly grateful for the freedom to petition Congress on matters that strike us as fundamental to the security and future of America's agricultural bounty.

Lastly, we again thank you for the opportunity to present our testimony.

#### PREPARED STATEMENT OF THE GROCERY MANUFACTURERS OF AMERICA

On behalf of the member companies of the Grocery Manufacturers of America (GMA), I appreciate the opportunity to submit testimony to the Senate Appropriations Subcommittee on Agriculture, Rural Development and Related Agencies. We ask that you support the Administration's request for funding for critical food safety functions at the Food and Drug Administration (FDA) and the Food Safety and Inspection Service (FSIS), as well as the proposed funding for nutrition activities at the Food and Nutrition Service (FNS).

GMA is the world's largest association of food, beverage and consumer product companies. With U.S. sales of more than \$460 billion, GMA members employ more than 2.5 million workers in all 50 states. The organization applies legal, scientific and political expertise from its member companies to vital food, nutrition and public policy issues affecting the industry. Led by a board of 42 Chief Executive Officers, GMA speaks for food and consumer product manufacturers and sales agencies at the state, federal and international levels on legislative and regulatory issues. The association also leads efforts to increase productivity, efficiency and growth in the food, beverage and consumer products industry.

GMA particularly supports increased funding for the Center for Food Safety and Applied Nutrition (CFSAN), whose role is invaluable in ensuring the public that the United States continues to have the safest and most wholesome food supply in the world. The Center has played an integral role in continuing to enhance the safety and security of the food supply, particularly since the tragic September 11th terrorist attacks. The additional \$20.5 million in the FDA's budget proposal for counter terrorism and food safety will continue the government's commitment to providing additional resources to further improve the agency's capabilities to ensure the safety of the food supply.

Specifically, the proposed increase includes funds to develop and implement a food registration system authorized in the Public Health Security and Bioterrorism Preparedness and Response Act of 2002. GMA worked closely with Congress and the Administration throughout the legislative process and submitted pre-proposal comments to FDA on the four regulations that are in development. We have reviewed the draft proposals on prior notice of imported foods and facility registration, and recently filed additional comments highlighting some substantive concerns we have regarding the practical implementation of the final rules. We are awaiting the draft proposals on records maintenance and administrative detention, and will continue to work with FDA to ensure that the bioterrorism regulations will maintain the highest possible level of food safety without disrupting the U.S. food supply.

In communication with this Committee for the past several years, we urged you to provide FDA with funds necessary to cover FDA's government cost-of-living increase; we reiterate that request for this appropriations cycle. This funding will provide cost-of-living adjustments as well as support to the additional staff hired in fis-

cal year 2002 for counterterrorism activities. Maintaining and adding appropriately skilled and trained technical staff is consistent with the expanding mission of FDA in this new climate.

At USDA, we support the USDA/ARS nutrition monitoring program and ask the committee to continue to appropriate the funds necessary for this effort. The information gathered in this survey is invaluable to both the public and private sectors, and we ask for the committee's continued support.

GMA also supports efforts at USDA to increase funding for capacity building at the Foreign Agricultural Service—particularly to increase U.S. employment opportunities in international organizations like the Food and Agriculture Organization of the United Nations (FAO). Bodies like the FAO are playing an increasingly influential role in the international regulatory and trade arena, and it is essential that the United States be adequately represented in order to ensure that science-based policies are reflected at the international level.

GMA also supports USDA's budget request for nutrition and feeding programs, including the Women, Infants and Children (WIC) and the national school lunch programs. Increased funding for nutrition and obesity prevention programs for children and families will help improve the overall health and well-being of our nation.

GMA also supports the record level of funding for USDA's food safety programs in the President's budget for fiscal year 2004, which includes an increase of \$42 million for FSIS—a 23 percent increase in food safety activities since fiscal year 2000. However, GMA strongly opposes USDA's proposal for \$122 million in controversial new user fees for inspections of meat and poultry plants, on top of the \$102 million in existing fees. USDA plant inspections help prevent the spread of bacteria that can cause potentially fatal reactions. As a national health service, these inspections should be funded by general appropriations rather than user fees.

We recognize that the confidence of the public in our food supply depends both on our industry's continuing commitment to safety and quality and on the ability of USDA and FDA to work with us to achieve this. We support FDA's mission to protect the public health, and we urge you to provide the funds necessary to do this. As always, if we may be of any assistance as you proceed with your work, please do not hesitate to contact me.

Thank you for your consideration of our views.

#### PREPARED STATEMENT OF THE HUMANE SOCIETY OF THE UNITED STATES

As the largest animal protection organization in the country, we appreciate the opportunity to provide testimony to the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Subcommittee on fiscal year 2004 funding items of great importance to The Humane Society of the United States and its more than 7 million supporters nationwide.

#### ENFORCEMENT OF ANIMAL WELFARE LAWS

We are grateful for the Committee's outstanding support in fiscal year 2003 for improved enforcement by the U.S. Department of Agriculture of key animal welfare laws, and we urge you to "hold the line" in fiscal year 2004 so that this effort can be sustained. Your leadership is making a great difference in helping to protect the welfare of millions of animals across the country, including those at commercial breeding facilities, laboratories, zoos, circuses, airlines, and slaughterhouses. As you know, better enforcement will also benefit people by helping to prevent: (1) injuries to slaughterhouse workers from animals struggling in pain; (2) orchestrated dogfights and cockfights that often involve illegal gambling, drug traffic, and human violence; (3) the sale of unhealthy pets by commercial breeders commonly referred to as "puppy mills"; (4) laboratory conditions that may impair the scientific integrity of animal based research; (5) risks of disease transmission from, and dangerous encounters with, wild animals in or during public exhibition; and (6) injuries and deaths of pets on commercial airline flights due to mishandling and exposure to adverse environmental conditions.

For fiscal year 2004, we want to ensure that the important work made possible by the fiscal year 2003 budget is continued, that newly hired and trained inspectors will be able to stay on the job, and that resources will be used in the most effective ways possible to carry out these key laws. Specific areas of concern are as follows:

#### *Office of Inspector General / \$800,000 Increase for Animal Fighting Enforcement*

In last year's Farm Bill, Congress enacted provisions that were overwhelmingly supported in both chambers to close loopholes in the Animal Welfare Act (AWA) regarding cockfighting and dogfighting. Since 1976, when Congress first prohibited

most interstate and foreign commerce of animals for fighting, USDA has pursued no cockfighting cases and only three dogfighting cases, despite rampant activity across the country. USDA has apparently received innumerable tips from informants and requests to assist with State and local prosecutions, but has routinely ignored or declined such requests. It is time for USDA to take seriously its responsibility to enforce the portion of the AWA dealing with animal fighting ventures. Dogfighting and cockfighting are barbaric activities in which animals are drugged to heighten their aggression and forced to keep fighting even after they've suffered grievous injuries, such as pierced lungs and gouged eyes. Animal fighting is almost always associated with illegal gambling, and also often involves illegal drug traffic and violence toward people. Dogs bred and trained to fight endanger public safety. Cockfighting has been linked with the recent outbreak of Exotic Newcastle Disease that has already destroyed many poultry flocks and cost taxpayers more than \$40 million for containment and compensation, with costs estimated to rise as high as \$250–\$500 million.

Given the dangerous nature of animal fighting enforcement work, we believe that the department's chief law enforcement arm—the Office of Inspector General (OIG)—is best suited to lead this effort. We therefore respectfully request an increase of \$800,000 for the OIG to focus on animal fighting cases and inclusion of bill language directing the Secretary to coordinate intelligence gathering, investigation, and prosecution of animal fighting cases, pursuant to Section 26 of the AWA, through the OIG, working with local and State law enforcement personnel to complement their efforts, and drawing on other Federal entities including the Attorney General, the Animal and Plant Health Inspection Services, and the Office of the General Counsel as needed.

*Food Safety and Inspection Service/Humane Methods of Slaughter Act (HMSA) Enforcement*

We greatly appreciate the inclusion of \$5 million in the fiscal year 2003 bill to hire at least 50 inspectors whose sole responsibility will be to ensure that livestock are treated humanely and rendered unconscious before they are hung upside down, skinned, dismembered, scalded, or killed. Having these new inspectors focus on unloading, handling, stunning, and killing of animals will bring much-needed attention to slaughter plant practices that have had little oversight in recent years. We also appreciate your inclusion of language specifying that the ongoing activities of 17 District Veterinary Medical Specialists hired as a result of \$1 million provided in the fiscal year 2001 Supplemental should be limited to HMSA enforcement rather than the various unrelated duties with which they had been charged. And we commend you for directing the General Accounting Office to review and report by July 1, 2003 on the scope and frequency of HMSA violations, with “recommendations on the extent to which additional resources for inspection personnel, training, and other agency functions are needed to properly regulate slaughter facilities in the area of HMSA enforcement.”

There are nearly 900 Federally inspected slaughter plants in the United States, handling millions of animals each day. In addition to requesting continued funds in fiscal year 2004 to sustain at least 50 new inspectors and the 17 positions mentioned above, we hope you will give full consideration to any recommendations the GAO may have for enhancing enforcement of this important—and very basic—law. We also urge that limited resources not be diverted by FSIS to rewrite the regulations for this law. The existing HMSA regulations are clear and strong. The problem has been a lack of enforcement, not flawed humane handling standards. We would be very concerned about any attempt to provide more discretion or control to industry in determining HMSA compliance.

*APHIS/Animal Welfare Enforcement*

Thanks to appropriations increases in the past four years, Congress has enabled USDA to begin to reverse a serious decline in the number of AWA compliance inspections. However, the President's fiscal year 2004 budget proposal—which suggests \$1.7 million less for the Animal Care division than in fiscal year 2003—would fail to cover the salaries of recently-hired inspectors and substantially undo the gains Congress has made possible. Moreover, there is still much room for improvement. Many facilities continue to escape oversight for long periods of time, giving rise to situations that threaten both human and animal health and safety. Nearly half of the sites that do get inspected are found to have apparent violations of the minimum standards under the Act and, therefore, follow-up visits are badly needed. We urge you to sustain Animal Welfare funding at the fiscal year 2003 appropriated level of \$16.4 million, in order to keep the current number of inspectors (approximately 100 to oversee about 10,000 sites).

*APHIS/Horse Protection Enforcement*

Congress enacted the Horse Protection Act in 1970 to end the obvious cruelty of physically soring the feet and legs of show horses. In an effort to exaggerate the high-stepping gate of Tennessee Walking Horses, unscrupulous trainers use a variety of methods to inflict pain on sensitive areas of the feet and legs for the effect of the leg-jerk reaction that is popular among many in the show-horse industry. This cruel practice continues unabated by the well-intentioned but seriously understaffed APHIS inspection program. We appreciate the Committee's help providing modest increases to bring this program close to its authorized annual funding ceiling of \$500,000, and hope you could approve an additional \$7,000 in fiscal year 2004 to reach that mark. We also urge the Committee to oppose any effort to restrict USDA from enforcing this law to the maximum extent possible.

*Agricultural Research Service/Animal Welfare Information Center*

We appreciate the Committee's support for the Animal Welfare Information Center (AWIC), which helps ensure appropriate care for animals in research, and compliance with standards on minimizing pain and distress, preventing duplication of experiments, and reducing or replacing animals in research when possible. For fiscal year 2004, we hope you will sustain the gains made in recent years for AWIC's budget.

NATIONAL SCHOOL LUNCH AND BREAKFAST PROGRAMS/FORCED MOLTING OF EGG-LAYING HENS AND ACCESS TO NON-DAIRY BEVERAGES

At the end of their production cycle, egg-laying hens in 75 percent of U.S. flocks are starved until they lose 35 percent of their body weight—typically for 5–14 days—in an effort to shock their systems into a new egg-laying cycle. Once placed back on feed, those hens who survive the starvation period will produce more and bigger eggs. Such “forced molting” is a threat to the health and safety of consumers, because eggs produced at facilities using this high-stress practice have a greatly increased incidence of *Salmonella enteritidis* (SE). Forced molting is a husbandry strategy that extends the productive life of those birds who survive, but it comes with severe consequences for the health of consumers and for animal welfare.

*Salmonella* is the second most common food-borne illness in the United States (an estimated 500–1,000 people die from it annually). SE is the second most common *Salmonella* strain. Most SE infections are caused by the consumption of eggs. Starvation causes severe stress to hens and makes them highly susceptible to *Salmonella* infections. Research indicates that hens who have been force molted in this way shed significantly more SE bacteria than hens with access to food. Dr. Fred Angulo, the chief medical epidemiologist for food-borne diseases at the Centers for Disease Control and Prevention, has determined that outbreaks of SE in schools have been traced back to layer houses where hens were molted using starvation. In 1998, USDA's FSIS Director wrote that “highly stressful forced molting practices . . . [f]or example, extended starvation and water deprivation practices, lead to increased shedding of *Salmonella enteritidis* (SE) by laying hens,” and recommended that “egg producers eliminate forced molting practices and adopt alternatives that reduce public health risks.”

Intentionally starving a hen so that she loses 35 percent of her body weight is cruel. Almost every State anti-cruelty statute specifically bars the deliberate starvation of animals, but this standard is not typically enforced for routine animal husbandry. Alternative methods to forced molting, which are more humane, safer, and economically comparable, are available to the U.S. egg production industry. Major fast food companies, including McDonald's, Burger King, and Wendy's, have stopped buying eggs from farms that use forced molting. It is time for Congress to ensure that meals provided at public schools are at least as safe as fast food.

Under the National School Lunch and Breakfast Programs, schools spent more than \$14.2 million on fresh and raw eggs for food service during the 1996–97 school year, according to a USDA study (the number may well be higher now, since the breakfast program has greatly expanded since that time). With three-quarters of all flocks in the United States currently force molted, there is a very high risk that school children are being exposed to SE bacteria. In 2000, the USDA announced that it would no longer allow the use of downed animals in the school lunch program because it could not count on the safety of the meat. School districts incorporate Federal requirements (e.g., to comply with nutritional guidelines, “Buy American” laws, and health department inspections) in their detailed specifications for each food item contained in their contracts.

We urge the Committee to include bill language barring the use of USDA funds under the National School Lunch and School Breakfast Programs for the purchase

of eggs produced at facilities that force-molt hens through deprivation of food or water.

One year ago, the Washington Post highlighted the injustices associated with prohibiting schools from offering federally-subsidized non-dairy beverages for students who cannot drink dairy milk for any number of health, ethical or religious reasons. Schools can offer alternatives to students who bring a doctor's note explaining why they need a non-dairy beverage. However, the majority of students who are lactose-intolerant are minority students—students who may not have access to the kind of health care that would provide them with a doctor's note for something as mundane as a lunch beverage. Additionally, according to a recent poll conducted by the Vegetarian Resource Group, 11 percent of children ages 8–17 in the United States are vegetarians. The nutrition publication, Nutrition News Focus, recently published an article stating “Vegetarian children tend to be thinner than omnivorous kids and this is almost certainly good, since we are getting fatter as a nation and we are doing it earlier.” It is unfair to force students who choose the healthful option of vegetarianism to go without a beverage simply because their ethics dictate they not drink dairy milk. The National School Lunch and Breakfast Programs should support a healthful diet for all students. We urge the Committee to include bill language to provide nutritious beverage options to dairy milk for students who either cannot or choose not to drink dairy milk.

#### HOOP BARN/LEOPOLD CENTER FOR SUSTAINABLE AGRICULTURE—\$325,000

The hoop barn is an emerging alternative for livestock production that offers many advantages to the factory farm system of animal housing. A typical hoop barn is shaped like a Quonset hut (a half cylinder lying on its flat side) and contains a deep bedding of straw or corn stalks. No individual cages confine the animals, and open ends, which can be closed if weather requires, allow access to pasture. Animals in hoop barns enjoy greater freedom of movement and have the opportunity to interact socially.

Because they are not tightly confined in an overcrowded, high-stress environment, animals in hoop barns tend to be healthier than their counterparts in factory farms. That means farmers using hoop barns do not need to rely on antibiotics to prevent disease and promote growth, a common practice on factory farms that is contributing to the development of antibiotic-resistant strains of bacteria that threaten public health. Products from hoop producers are being sought out by meat suppliers and restaurants based on the enhanced flavor and texture characteristics of the meat. In addition, hoop barns are better for the environment, because they use solid manure composting rather than the liquid waste disposal systems used by factory farms, which jeopardize groundwater and produce noxious odors. Furthermore, they offer an affordable alternative for farmers. Hoop barns are approximately one-third the cost of conventional factory farm structures. They are easy to install and versatile (they can be used for different species or for storage of hay or equipment). This flexibility helps family farmers withstand fluctuations in market demand and avoid corporate buyouts.

We appreciate the Committee's support in fiscal year 2003 for this promising technology. As a result of the Committee's action, Iowa's Leopold Center for Sustainable Agriculture—which is in the forefront of research and development on hoop barns—is expanding understanding and adoption of hooped structures as low-cost, humane, environmentally-friendly production housing systems for swine and other agricultural animals. The hoop research is promoting viable and timely production options for struggling small and medium sized farmers as well as helping to open new markets. We request your support for \$325,000 in fiscal year 2004 for this ongoing project to make the benefits of hoop barns available on a wider scale.

#### HUMANE FARMING COMMISSION STUDY

According to USDA, there are 9 billion animals slaughtered for food in the United States each year. Yet, other than the HMSA requiring that livestock be rendered unconscious before they are killed, there are no Federal laws regarding humane treatment of farm animals. The AWA does not cover livestock or poultry. At the State level, there is only one relevant law; Florida voters in 2002 banned the use of gestation crates for breeding sows. State anti-cruelty statutes either exempt farm animals or they are not traditionally applied to deal with routine or customary agricultural practices. Farm animal treatment is left almost entirely to industry norms and producer conscience.

Most Americans would be surprised to learn that the government has nothing to say about practices such as intensive confinement that is so cramped the animals cannot turn around, deliberate starvation to force molting, and cutting off pigs' tails

and chickens' beaks without any anesthesia in order to prevent them from attacking each other in these crowded and highly stressful conditions. In the absence of government regulation, such inhumane practices have become the norm for industrial agriculture in this country.

Responding to public concern, some major companies that purchase large quantities of animal products—such as McDonald's, Burger King, and Wendy's—have begun requiring their suppliers to abandon certain inhumane practices. While welcome, these voluntary efforts by major restaurant chains are not sufficient. The need for humane treatment of farm animals warrants a consistent approach that will not put any individual company at a competitive disadvantage, nor will it force farmers to deal with piecemeal rules. It is time to explore Federal standards that can be accountable and enforceable.

We recommend that a national commission be charged with examining the treatment of animals in commercial farming and making recommendations to Congress. Such a commission should include those with a range of perspectives, including scientists specializing in animal welfare, farmers (including sustainable agriculture practitioners), religious leaders and ethicists, economists, and consumer representatives. We look forward to working with the Committee to develop this idea further.

Again, we appreciate the opportunity to share our views and priorities for the Agriculture, Rural Development, Food and Drug Administration and Related Agencies Appropriation Act of fiscal year 2004. We appreciate the Committee's past support, and hope you will be able to accommodate these modest requests to address some very pressing problems affecting millions of animals in the United States. Thank you for your consideration.

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PREPARED STATEMENT OF THE INTERNATIONAL ASSOCIATION OF FISH AND WILDLIFE  
AGENCIES

USDA/APHIS—VETERINARY SERVICES

*Brucellosis*

The Association is concerned about the \$1.4 Million reduction in the amount being requested for the Brucellosis Program in the fiscal year 2004 budget. While we understand some of this may be offset by the increase in the request for the Animal Health Monitoring and Surveillance Program budget—in essence the core infrastructure of APHIS-Veterinary Services—it will be problematic if the entire requested amount is not acted on favorably by Congress. The Association supports the \$93.96 Million being requested for the Animal Health Monitoring and Surveillance Program.

The Association also supports the request from the states of Montana, Idaho and Wyoming for \$600,000 in the fiscal year 2004 USDA/APHIS/Veterinary Services, Program Diseases, Brucellosis Program budget, to enable those states to continue their participation in the Greater Yellowstone Interagency Brucellosis Committee (GYIBC). Like amounts (\$600,000) have been included as Congressional add-ons in both fiscal year 2002 and fiscal year 2003. The GYIBC is working to coordinate federal, state and private actions involved in eliminating brucellosis from wildlife in the Greater Yellowstone Area and preventing transmission of brucellosis from wildlife to cattle. Given the priority for eradicating this disease, it would seem prudent that Veterinary Services include this amount in its base Brucellosis Program budget, rather than the States having to rely on Congressional add-ons to obtain relief. The Association recommends this amount (\$600,000) be identified in the base budget for the Brucellosis Program beginning in fiscal year 2004 and beyond, until such time as eradication of the disease has been achieved.

*Chronic Wasting Disease*

The Association commends APHIS-Veterinary Services for taking actions to destroy and dispose of captive cervids exposed to chronic wasting disease (CWD) because these animals represent a tremendous risk to this country's wildlife resources. The Association supports the \$15 million request for funding to eliminate CWD from captive cervids and strongly encourages Veterinary Services to use a significant part of the funding to assist State wildlife management agencies with surveillance for CWD in free-ranging cervids, and to provide funding for research directed toward better diagnostic testing and increased knowledge of the epidemiology and epizootiology of CWD. However, this \$15 Million is inadequate to effectively address management of this disease, and the Association urges an additional \$10 Million be appropriated to CWD, with a total of \$20 Million made available to the states for surveillance and management of free ranging deer and elk. The Association supports

this role for Veterinary Services in the context that Veterinary Services and other USDA agencies remain mindful and respectful of state management authority over resident wildlife species. This will require constant coordination and cooperation with the State fish and wildlife agencies as this certification and control program is launched.

*Import / Export*

Exotic ticks may carry disease agents that could potentially devastate wildlife populations and therefore, prevention of their importation is essential. The Association supports the requested increase for a total of \$12.4 Million in fiscal year 2004 funding in the Import/Export Program for inspection of imported reptiles and amphibians for exotic ticks, and further recommends that Veterinary Services work closely with the U.S. Fish and Wildlife Service in addressing this issue.

*Tuberculosis*

The Association supports the requested increase for a total of \$15.1 Million in the fiscal year 2004 funding request in the Tuberculosis Program for the control of bovine tuberculosis, a continuation of an accelerated program begun in fiscal year 2001 to address inadequate national surveillance as it relates to international trade needs and enhanced tuberculosis testing, training and Mexican eradication efforts, with a goal of total eradication in domestic livestock by January, 2004. The Association recommends that APHIS-Veterinary Services work closely with, and provide financial support to, State fish and wildlife agencies involved in this activity. Funding should be provided to State fish and wildlife management agencies for TB surveillance, research, and control operations, and must be accompanied by close coordination and respect for State management authority over resident wildlife.

*Veterinary Diagnostics*

The Association recognizes that wildlife disease investigations often are dependent upon the USDA's animal disease resources for test reagents, consultations, and sample referrals, and commends APHIS for assistance with testing of free-ranging wildlife for diseases such as brucellosis, chronic wasting disease and bovine tuberculosis. The Association supports the requested budget of \$21 Million in fiscal year 2004 funding for increasing diagnostic capabilities at the Plum Island Animal Disease Diagnostics Laboratory in New York and at the National Veterinary Services Laboratories in Ames, Iowa.

USDA—APHIS WILDLIFE SERVICES

Wildlife Services (WS), a unit of APHIS, is the Federal agency responsible for developing new methods for and managing wildlife damage to agriculture, aquaculture, forest, range, and other natural resources; for protecting public health and safety through cooperating with the State fish and wildlife agencies on the control of wildlife-borne diseases; and for managing wildlife hazards at airports. WS bases its activities on the principles of wildlife management and integrated damage management, and carries them out cooperatively with State fish and wildlife agencies. WS shares most of its operational costs with State and county governments, agricultural producers, and other cooperators.

The cooperation and support of the agricultural community is essential to maintain wildlife populations because much of the nation's wildlife exists on private agricultural lands. A progressive wildlife damage management program that reduces the adverse impacts of wildlife is necessary to maintain the support of the agrarian community and to counter increasing pressures for indemnity due to wildlife damage.

The International Association of Fish and Wildlife Agencies has worked closely with WS on numerous issues critical to the State fish and wildlife agencies, including those related to migratory birds, threatened, and endangered species. The Association commends the WS program for its professionalism and continuing effort to be attuned to the changing public values for the nation's wildlife, while remaining responsive to human/wildlife conflicts and emerging wildlife problems.

A recent report by the General Accounting Office documented that wildlife damage throughout the United States is significant and increasing because of high wildlife populations. The Association is concerned that the Administration's proposal will decrease overall funding for WS activities. The President's fiscal year 2004 proposed budget for Methods Development is \$13,647,000, a \$1,228,000 decrease from the fiscal year 2003 level. For WS Operations, the proposed budget is \$65,706,000, a \$2,881,000 decrease from the fiscal year 2003 level. For Aquaculture, the proposed budget is \$968,000, a decrease of \$420,000 from the fiscal year 2003 level.

With decreased funding for WS Methods Development, further advancements with nonlethal methods development will not occur at an acceptable level. Work to develop control methodology for cormorant and white pelican damage to catfish production in the mid-South will suffer. In addition, many of the current damage management tools such as traps, snares, and toxicants are becoming less acceptable to the public and many States are prohibiting their use because of public referendums. The only source of new methods is through research. We commend Congress for recognizing the need to increase funds to support maintenance and operations of the National Wildlife Research Center in Ft. Collins, Colorado, and seek further support to provide an additional \$5,000,000 to the Methods Development line item to adequately fund nonlethal methods research, technology transfer in areas such as alternative predation management systems including immunocontraception, repellent and habitat management for birds, and information outreach for the public.

With decreased funding for WS Operations, there will not be adequate funding to manage the threat that wildlife poses for transmitting various diseases to domestic livestock and people; the oral rabies vaccination program will not progress at an acceptable level; and efforts to develop a hazardous material accountability system as part of the WS Management Information System (MIS) and an emergency response system for-intentionally introduced wildlife diseases will curtail or cease altogether. WS continue to pass off shortfalls in funding to their cooperators—especially State and local cooperators which are not in a position to increase their cost-share in light of the financial shortfalls they currently face. The Association recommends that Congress provide an additional \$4,250,000 to continue critical wildlife disease monitoring and surveillance activities, and also provide an additional \$5,700,000 to continue the oral rabies vaccination program to stop the spread of rabies in coyotes, foxes, raccoons, and other wildlife.

The Association is pleased that Congress provided \$1,200,000 in fiscal year 2003 to address increasing wolf conflicts in Minnesota, Wisconsin, Michigan, Arizona, and New Mexico, and recommends continued support to provide adequate funding to manage increasing wolf populations across the county. The Association also supports the continuing request in the President's budget for Montana, Idaho and Wyoming.

WS must continue implementation of their new Management Information Reporting System (MIS) to standardize reporting systems to provide specific information on resources protected, damage levels, trend information, and data on measurements and performance outcomes, and to comply with requirements of the National Environmental Policy Act. Most importantly, the MIS will allow WS to document wildlife disease monitoring and surveillance efforts and implement an integrated hazardous material accountability system. The Association recommends that Congress make \$5,000,000 available in fiscal year 2004 (\$4 million more than the President's request) to allow WS to continue implementation of the new MIS. The implementation will occur over a five-year period at a total cost of \$8–10 million.

The Association is pleased that Congress provided a \$600,000 increase in the fiscal year 2003 budget to expand the Berryman Institute for Wildlife Damage Management at Utah State University and Mississippi State University. The Association recommends that Congress continues to support the Berryman Institute by maintaining adequate funding levels in the future.

COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE (CSREES) U.S.  
DEPARTMENT OF AGRICULTURE

The Association recognizes that the research and educational programs of the CSREES and its Land Grant partners effect relevant, positive changes in attitudes and implementation of new technologies by private landowners, communities, decision-makers, and the public. This results in significant benefits to the Nation through development of a productive natural resource base in concert with agriculture. Since over two-thirds of our land is privately owned, it is appropriate that the CSREES-Land Grant System, with its grass roots credibility and delivery system, be adequately funded to transfer knowledge that helps all private landowners move towards sustainability. However, in the fiscal year 2003 budget proposal, we see little emphasis on natural resources research and education directed toward these clientele. In fact, the total number of farmers based on recent statistics is just slightly over one million—only one-tenth of all private landowners—and, the majority of CSREES' budget is directed toward production agriculture on these lands. Conversely, only \$4.093 million is budgeted (out of a total of \$1.015 billion) for the Renewable Resources Extension Act (RREA) which assists the over ten million private landowners who own and manage most of the nation's natural resources. The Association notes that this is the same amount appropriated for fiscal year 2003 with no increase in light of the vast workload. The Association is still seriously con-

cerned that the amount (\$4.093 million) is so small as to be ineffective and we encourage Congressional consideration increasing the funding for RREA to better reflect the need to reach a higher percentage of all landowners.

The Association strongly recommends that the Renewable Resources Extension Act be funded at \$30 million in fiscal year 2004. The RREA funds, which are apportioned to State Extension Services, effectively leverage cooperative partnerships at an average of four to one, with a focus on development and dissemination of information needed by private landowners (in rural and urban settings). The increase to \$30 million would enable the Extension System to accomplish the goals and objectives outlined in the 1991–1995 Report to Congress. The need for RREA educational programs is greater than ever today because of fragmentation of ownerships, urbanization, the diversity of landowners needing assistance, and increasing societal concerns about land use and its effect on soil, water, wildlife and other environmental factors. It is important to note that RREA has been reauthorized through 2002 and was originally authorized at \$15 million annually; however, even though it has been proven to be effective in leveraging cooperative state and local funding, it has never been fully funded. The Association notes with appreciation that RREA was reauthorized in the 2002 Farm Bill and the authorized funding raised to \$30 million. The increase to \$30 million in authorized funding is an empty-handed gesture unless followed by a corresponding increase in appropriations. An increase to \$30 million would be a good-faith move in the right direction and enable the Extension Service to expand capability to assist more private landowners to improve management of additional land while increasing farm revenue.

The Association strongly encourages that McIntire-Stennis Forestry Research funds be increased from the \$21.884 million in the fiscal year 2003 budget to a level of \$25 million. These funds are essential to the future of resource management on non-industrial private forestlands. The rapid reduction in timber harvests from public lands bring expanded opportunities for small private forest owners to play an increasingly important role in the Nation's timber supply. In some places, these added opportunities are creating pressures and situations where timber harvest on private ownerships exceeds timber growth.

The Association notes a level funding of \$12.97 million in the budget for Water Quality Integrated Activities but believes that this amount is insufficient considering the growing public concern over water quality, particularly on agricultural landscapes and therefore the Association recommends the appropriation be increased to \$20 million. We are concerned that there is no line item budget for water quality specific to educational programs under Smith-Lever in Extension activities. The Association recommends a minimum of \$3.5 million in Extension programs to focus on water quality education targeted at agricultural producers and other private landowners and managers. We believe that such program efforts are urgently needed to help these landowners learn how to address water quality degradation, which seriously affects drinking water, human health and fish and wildlife habitat. The Clean Water Act, TMDL's, Gulf of Mexico hypoxia and expanded animal feeding operation (AFOs) are just a few of the water quality issues that need to be addressed through Cooperative Extension efforts.

The Association notes the \$2.5 million included in Special Research Grants to fund Global Change/UV-B monitoring as well as that one of the three emphasis areas in Natural Resources and Environment is Global Change. This emphasis area and funding is appropriate in view of growing concern about the effect of the introduction of greenhouse gases into the atmosphere, addition of an Energy Title in the 2002 Farm Bill as well as recently initiated efforts to develop national policy regarding greenhouse gas emissions reporting. However, efforts to reduce or mitigate greenhouse gas emissions through carbon sequestration or other means shouldn't result in degradation of natural resources, including fish and wildlife, for which the public would have to pay separately and additionally to correct. The Association supports research funding to help define and/or address global climate change in ways that are compatible with conservation of all natural resources, including fish and wildlife.

The Association notes with concern a reduction in National Research Initiative Competitive Grants funding from \$240 million to \$200 million. It is important to note the great needs for creative and competitive grant programs to provide valuable new information to broaden approaches to land management, especially with integrated timber and wildlife management on private lands. There are few truly competitive programs in wildlife science and USDA NRI has a great opportunity to make a unique contribution with this type of program. This program will fund creative and new ideas in ways that "formula" funding cannot. The Association supports funding at the fiscal year 2003 level of \$240 million.

## FARM SERVICE AGENCY (FSA)

An adequately funded budget for the FSA is essential to implement conservation related programs and provisions under FSA administration and/or in cooperation with the Natural Resources Conservation Service (NRCS) as a result of passage of the Farm Security and Rural Investment Act of 2002. The Association strongly advocates that the budget include sufficient personnel funding to service a very active program and strongly believes that the past erosion of staffing levels has been inconsistent with the demonstrated need of agricultural producers. The Association is deeply concerned that the reduced level of staffing (16,701 FTE) proposed by the Administration is far too low to adequately address the need.

FSA programs have tremendous quantifiable impacts on natural resources, and yield substantial public as well as private benefits. Building on the provisions of present and past Farm Bills and as each program accomplishes the broadest possible range of natural resource objectives, the Association encourages close cooperation between FSA, NRCS and the State Technical Committees in implementing the 2002 Farm Bill.

Conservation Reserve Program (CRP)—The continued administration of CRP is a very significant and valuable commitment of USDA and the FSA. The Association applauds FSA efforts to fund and extend CRP contracts for the multiple benefits that accrue to the public as well as the landowner. The Association provides special thanks to FSA for the continuous CRP sign-up of high value environmental practices and encourages additional program options (such as wildlife field borders) and/or incentives to ensure that enrolled acres deliver soil, water, wildlife and other natural resource benefits through the use of more wildlife friendly cover as the CRP general sign-up has delivered.

The commitment of FSA to provide high wildlife benefits in CRP contracts has been obvious since the advent of the Environmental Benefits Index (EBI) in the 15th sign-up. The Association applauds FSA in those efforts with their special emphasis on native grasses, endangered species and enlightened pine planting and management and urge that strong emphasis on the establishment and management of wildlife friendly cover be continued and where possible strengthened. Recurring management is essential to ensure continuation of soil, water and wildlife benefits throughout the life of the CRP contract. The “up-to-\$5/acre” maintenance payment presently included in CRP contracts tends to be viewed by many landowners as additional rental payment, whether any maintenance or management is applied or not. Therefore, it makes sense that needed recurring management (for wildlife purposes) or maintenance measures (to control noxious weeds, etc.) be secured when necessary and landowners compensated only when actual management/maintenance is applied. The Association encourages FSA to develop necessary programmatic mechanisms as well as reimbursement to CRP participants for the added cost, to ensure that recurring management be performed when needed to manage succession in order to continue wildlife benefits throughout the contract period.

## NATURAL RESOURCES CONSERVATION SERVICE (NRCS)

The Natural Resources Conservation Service has immense responsibilities for implementing the conservation provisions of the 1985 Food Security Act (FSA), the 1990 Food, Agriculture, Conservation and Trade (FACT) Act, the Federal Agricultural Improvement and Reform (FAIR) Act of 1996 and the Farm Security and Rural Investment Act of 2002.

The 2002 Farm Bill signed into law by the President May 13, 2002 represents the single largest investment in conservation ever authorized in a Farm Bill and includes reauthorized and new programs to help the Nation’s agricultural producers achieve conservation of natural resources in concert with production of food and fiber. Specifically, programs were reauthorized as follows: The Conservation Reserve Program (CRP)—39.2 million enrollment cap; the Wetland Reserve Program (WRP)—enrollment cap of 2.275 million acres (up to 250,000 acres new enrollment per year); the Wildlife Habitat Incentives Program (WHIP)—at \$360 million through 2007 (\$60 million in fiscal year 2004); the Environmental Quality Incentives Program (EQIP)—at \$5.8 billion through 2007 (\$1 billion in fiscal year 2004); and, the Farmland Protection Program (FPP)—at \$597 million through 2007 (\$125 million in fiscal year 2004). In addition, the following programs were created: The Grassland Reserve Program (GRP) with a 2 million acre cap; the Forest Land Enhancement Program (FLEP) with \$100 million through 2007; and, the Conservation Security Program (CSP) at \$2 billion based on the 10 year score of the 2002 Farm Bill. The Association strongly encourages Congress to provide annual funding for these conservation programs at the full levels authorized in the 2002 Farm Bill.

With approximately 50 percent of the land in the United States in agricultural production, conservation is inextricably linked with agriculture and, therefore, the importance of USDA conservation programs cannot be overemphasized. These programs are particularly important in that many species of wildlife reside on agricultural landscapes with nowhere else to go and must survive there if they are to survive at all.

Collectively, the 2002 Farm Bill effectively expands conservation opportunities provided in the 1985, 1990 and 1996 Farm Bills. Servicing landowner requests for these programs will require technical assistance well beyond levels provided by NRCS in times past. Whether technical assistance is provided by NRCS staff or non-federal technical service providers, it will take adequate funding to get the job done. The Association supports the use of an equitable portion of authorized funding from those programs that have enrollment authorizations expressed in dollars.

However, in the NRCS fiscal year 2004 Budget Request, it appears the funding request for some programs (CCC mandatory funding) have been reduced in widely varying and inequitable amounts in order to create the Farm Bill Technical Assistance account on the discretionary funding side. For example, the EQIP budget request for fiscal year 2004 is shown as \$850 million when the authorized fiscal year 2004 level is \$1 billion. The difference is \$150 million, or 15 percent of EQIP funding, which is proposed to transfer to help fund the Farm Bill Technical Assistance Account. Similarly, the fiscal year 2004 budget request for WHIP is shown as \$42 million when the authorized fiscal year 2004 funding level is \$60 million. The difference is \$18 million, or 30 percent of WHIP funding, which is proposed for transfer to the Farm Bill Technical Assistance Account. The Association is strongly concerned about this inequity, particularly since WHIP funding is more limited than most other Farm Bill conservation programs and the historic percentage of WHIP funds used for technical assistance has been much less than 30 percent.

Further, the fiscal year 2004 funding request for WRP is 200,000 acres although Congress authorized a 250,000 acre per year enrollment. Presumably, although it isn't clear in the budget request, the 50,000 acre difference (between authorized and requested enrollment authority) reflects the cost of WRP technical assistance. If so, this appears inequitable and illogical. First, the 20 percent reduction reflects transfer to the Farm Bill Technical Assistance Account compared with a 15 percent transfer of EQIP funding. Second, and much more importantly, the WRP enrollment authority is expressed in acres (like CRP) rather than dollars as is the case with EQIP, WHIP and many of the other Farm Bill conservation programs. The Association believes that this is contrary to the intent of the Farm Bill, so recently passed by Congress and signed into law by the President. The NRCS budget should reflect the full authorized 250,000 acres for WRP and NRCS should request technical assistance funding request based on that enrollment level. This is particularly important in that WRP is one of the most popular of Farm Bill conservation programs and demand has consistently exceeded enrollment authority. In fact the NRCS fiscal year 2004 budget request confirms this with the statement that "even with the authority to enroll 250,000 acres in the program, demand for the program exceeded the annual acreage allocation."

The Grassland Reserve Program (GRP) presents great opportunity to provide agricultural producers with an economic alternative to conversion of dwindling native prairie to other uses. GRP should enable producers to keep irreplaceable prairie in forage production, a use to which these lands have historically been so well suited. The Association supports the \$85 million in the fiscal year 2004 budget request to fund GRP and encourages NRCS to put development of the Rule for this promising program on the fast track so that the program can be effectively implemented as early in fiscal year 2004 as possible.

In these times of compelling conservation need, many State fish and wildlife agencies are contributing staff time to help NRCS field offices service fish and wildlife aspects of USDA assistance to landowners. Such partnerships help NRCS deliver specialized technical expertise to private landowners at less cost than adding NRCS staff with such expertise. The 2002 Farm Bill contains third party vendor aspects to allow USDA to contract with State fish and wildlife agencies to provide fish and wildlife expertise more inexpensively and effectively than could be provided by adding NRCS staff to fill the discipline need. And, importantly, State fish and wildlife agencies have state-level authority for fish and wildlife resources of the state and are, therefore, in an excellent position to help service related aspects of Farm Bill programs. The Association strongly encourages the Administration and Congress to emphasize partnering arrangements between NRCS and State fish and wildlife agencies and others that result in cost-efficiencies. The Association also encourages the Administration to develop a third party vendor certification system that fully

recognizes the technical expertise and management authority under state law of State fish and wildlife agencies.

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PREPARED STATEMENT OF THE INTERTRIBAL BISON COOPERATIVE

INTRODUCTION AND BACKGROUND

My name is Ervin Carlson, a Tribal Council member of the Blackfeet Tribe of Montana and President of the InterTribal Bison Cooperative. Please accept my sincere appreciation for this opportunity to submit testimony to the honorable members of the Department of Agriculture Appropriations Sub-Committee. The InterTribal Bison Cooperative (ITBC) is a Native American non-profit organization, headquartered in Rapid City, South Dakota, comprised of 51 Federally recognized Indian Tribes located within 17 States across the United States.

Buffalo thrived in abundance on the plains of the United States for many centuries before they were hunted to near extinction in the 1800s. During this period of history, buffalo were critical to survival of the American Indian. Buffalo provided food, shelter, clothing and essential tools for Indian people and insured continuance of their subsistence way of life. Naturally, Indian people developed a strong spiritual and cultural respect for buffalo that has not diminished with the passage of time.

Numerous tribes that were committed to preserving the sacred relationship between Indian people and buffalo established the ITBC as an effort to restore buffalo to Indian lands. ITBC focused upon raising buffalo on Indian Reservation lands that did not sustain other economic or agricultural projects. Significant portions of Indian Reservations consist of poor quality lands for farming or raising livestock. However, these wholly unproductive Reservation lands were and still are suitable for buffalo. ITBC began actively restoring buffalo to Indian lands after receiving funding in 1992 as an initiative of the Bush Administration.

Upon the successful restoration of buffalo to Indian lands, opportunities arose for Tribes to utilize buffalo for tribal economic development efforts. ITBC is now focused on efforts to assure that tribal buffalo projects are economically sustainable. Federal appropriations have allowed ITBC to successfully restore buffalo the tribal lands, thereby preserving the sacred relationship between Indian people and buffalo. The respect that Indian tribes have maintained for buffalo has fostered a serious commitment by ITBC member Tribes for successful buffalo herd development. The successful promotion of buffalo as a healthy food source will allow Tribes to utilize a culturally relevant resource as a means to achieve self-sufficiency.

*Amended Language Request to Food Stamp Act*

The InterTribal Bison Cooperative respectfully requests an amendment to the Department of Agriculture's Food Stamp Act to increase the earmark for purchase of buffalo from the current fiscal year 2003 amount of \$3,000,000 to \$10,000,000. Specifically, ITBC requests the following amended language to the Food Stamp Act:

For necessary expenses to carry out the Food Stamp Act (7 U.S.C. 2011 et seq.), \$26,289,692,000, of which \$2,000,000,000 shall be placed in reserve for use only in such amounts and at such times as may become necessary to carry out program operations: Provided, That of the funds made available under this heading and not already appropriated to the Food Distribution Program on Indian Reservations (FDPIR) established under section 4(b) of the Food Stamp Act of 1977 (7 U.S.C. 2013 (b)), not to exceed \$10,000,000 shall be used to purchase bison and/or bison meat for the FDPIR and other food programs on the reservations, with one-half purchased from Native American bison producers and one half purchased from producer owned cooperatives or bison ranchers. Provided further, That all bison purchased shall be labeled according to origin and the quality of cuts in each package. Provided further, That the Secretary of Agriculture shall make every effort to enter into a service contract, with an American Indian Tribe, Tribal company, or an Inter Tribal organization, for the processing of the buffalo meat to be acquired from Native American producers. Provided further, That funds provided herein shall be expended in accordance with section 16 of the Food Stamp Act; Provided further, That this appropriation shall be subject to any work registration or workfare requirements as may be required by law: Provided further, That funds made available for Employment and Training under this heading shall remain available until expended, as authorized by section 16(h)(1) of the Food Stamp Act.

*Preventative Health Care Initiative*

The Native American Indian population currently suffers from the highest rates of Type 2 diabetes. The Indian population further suffers from high rates of cardiovascular disease and various other diet related diseases. Studies indicate that Type

2 diabetes commonly emerges when a population undergoes radical diet changes. Native Americans have been forced to abandon traditional diets rich in wild game, buffalo and plants and now have diets similar in composition to average American diets. More studies are needed on the traditional diets of Native Americans versus their modern day diets in relation to diabetes rates. However, based upon the current data available, it is safe to assume that disease rates of Native Americans are directly impacted by a genetic inability to effectively metabolize modern foods. More specifically, it is well accepted that the changing diet of Indians is a major factor in the diabetes epidemic in Indian Country.

Approximately 65–70 percent of Indians living on Indian Reservations receive foods provided by the USDA Food Distribution Program on Indian Reservations (FDPIR) or from the USDA Food Stamp Program. The FDPIR food package is composed of approximately 58 percent carbohydrates, 14 percent proteins and 28 percent fats. Indians utilizing Food Stamps generally select a grain based diet and poorer quality protein sources such as high fat meats based upon economic reasons and the unavailability of higher quality protein sources.

Buffalo meat is low in fat and cholesterol and is compatible to the genetics of Indian people. ITBC intends to promote buffalo meat on Indian Reservations as a healthy source of protein. First, ITBC is developing a preventative health care initiative to educate Indian families of the health benefits of buffalo meat. ITBC believes that incorporating buffalo meat into the FDPIR program will provide a significant positive impact on the diets of Indian people living on Indian Reservations. Further, ITBC is exploring methods to make small quantities of buffalo meat available for purchase in Reservation grocery stores. A healthy diet for Indian people that results in a lower incidence of diabetes will reduce Indian Reservation health care costs and result in a savings for taxpayers.

#### *ITBC Goals and Initiatives*

In addition to developing a preventative health care initiative, ITBC intends to continue with its buffalo restoration efforts and its Tribal buffalo marketing initiative.

In 1991, seven Indian Tribes had small buffalo herds, with a combined total of 1,500 animals. The herds were not utilized for economic development but were often maintained as wildlife only. During ITBC's relatively short 10-year tenure, it has been highly successful at developing existing buffalo herds and restoring buffalo to Indian lands that had no buffalo prior to 1991. Today, through the efforts of ITBC, over 35 Indian Tribes are engaged in raising over 15,000 buffalo. All buffalo operations are owned and managed by Tribes and many programs are close to achieving self-sufficiency and profit generation. ITBC's technical assistance is critical to ensure that the current Tribal buffalo projects gain self-sufficiency and become profit-generating. Further, ITBC's assistance is critical to those Tribes seeking to start a buffalo restoration effort.

Through the efforts of ITBC, a new industry has developed on Indian reservations utilizing a culturally relevant resource. Hundreds of new jobs directly and indirectly revolving around the buffalo industry have been created. Tribal economies have benefited from the thousands of dollars generated and circulated on Indian Reservations.

ITBC has also been strategizing to overcome marketing obstacles for Tribally raised buffalo. ITBC is presently assisting the Assiniboine and Gros Ventre Tribes of the Fort Belknap Reservation, who recently purchased an USDA approved meat-processing plant, with a coordination scheme to accommodate the processing of range-fed Tribally raised buffalo.

#### *Conclusion*

ITBC has proven highly successful since its establishment to restore buffalo to Indian Reservation lands to revive and protect the sacred relationship between buffalo and Indian Tribes. Further, ITBC has successfully promoted the utilization of a culturally significant resource for viable economic development.

ITBC has assisted Tribes with the creation of new jobs, on-the-job training and job growth in the buffalo industry resulting in the generation of new money for Tribal economies. ITBC is also actively developing strategies for marketing Tribally owned buffalo. Finally, and most critically for Tribal populations, ITBC is developing a preventive health care initiative to utilize buffalo meat as a healthy addition to Tribal family diets.

ITBC strongly urges you to support its request for the amended language as specifically provided above to the Food Stamp Act to allow \$10,000,000 for the purchase of buffalo and buffalo meat and for half that amount to be specifically designated for the purchase of Native American produced buffalo and buffalo meat.

PREPARED STATEMENT OF THE LUMMI INDIAN BUSINESS COUNCIL

My name is Darrell Hillaire, Chairman of the Lummi Nation. The Lummi Nation is located on the northern coastline of Washington State, and is the third largest tribe in Washington State serving a population of over 5,200. On behalf of the Lummi Nation I want to thank you and the members of the Committee for accepting this written testimony and allowing the Lummi Nation the opportunity to express our concerns and requests regarding the fiscal year 2004 Budget for Rural Development Programs within the Department of Agriculture.

*\$1 Million from the Rural Business Development Program*

The fisheries disasters beginning in 1999, continuing in 2000 and re-occurring in 2001 has literally bankrupted all of the small business owners of the Lummi Nation. This economic disaster has impacted over 700 fishers and 2,000 members of the Lummi Nation. This number represents nearly 50 percent of the total Lummi Nation population. The decline in the fisheries resource has subsequently been validated and declared by the Department of Commerce and Related Agencies as an, economic disaster' under the Magnuson-Stevens Act. In order to re-establish the private business sector of the Lummi Nation, the economy needs the assistance identified below on an emergency basis:

*Retail Facilities*

The Lummi Nation needs financial assistance to support the development of retail facilities on the Lummi Reservation. Retail facilities will support business development on the reservation and will employ both Tribal and non-Tribal residents. The Lummi Nation has provided some of its unemployed fishers with business development training. We were able to secure funding to provide adult and vocational training to our members at the Northwest Indian Community College and they have prepared 50 business plans in varying stages of readiness for financing.

Budget Period	2004	2005	2006
Funding Amount .....	\$500,000	\$2,000,000	\$140,000
Project Activity .....	Planning	Construction	Operations Implementation

*Commercial Processing Facilities*

The Lummi Nation needs financial assistance to support the development of commercial facilities on the Reservation to support finfish and shellfish processing from harvesters into retail products and to transport these products to markets within the contracted timeframes. The Lummi Nation will seek to contract with an established seafood processing companies to consult with during the design and construction phase, as well as operate the facility profitably under a lease agreement.

Budget Period	2004	2005	2006
Funding Amount .....	\$500,000.	\$5,000,000.	\$300,000.
Project Activity .....	Planning	Construction	Operations Support

*\$500,000 from the USDA Indian Water Program*

The Lummi Nation is seeking funding to support the cost of construction for the expansion of the Tribal infrastructure, which includes water and wastewater treatment systems for community development purposes. The Tribe has already begun planning and design efforts for a "Kwina Village" concept, which includes a new Tribal College campus, a Drug Treatment Center and a new Tribal Government facility. Funding is needed to upgrade, replace and develop Tribal infrastructure systems to accommodate Kwina Village development.

Budget Period	2004	2005	2006
Funding Amount .....	\$2,000,000	\$220,000	\$180,000
Project Activity .....	Construction	Implementation	Operations

Thank you for this opportunity and we hope that the Committee will find the request of the Lummi Nation a viable one.

## PREPARED STATEMENT OF THE NATIONAL ASSOCIATION OF CONSERVATION DISTRICTS

The National Association of Conservation Districts is the nonprofit, nongovernment organization that represents the nation's 3,000 conservation districts and more than 16,000 men and women who serve on their governing boards. Established under state law, conservation districts are local units of state government charged with carrying out programs for the protection and management of natural resources at the local level. They work with nearly two-and-half million cooperating landowners and operators—many of them farmers and ranchers—to provide technical and other assistance to help them manage and protect private land in the United States. In carrying out their mission to coordinate and carry out all levels of conservation programs, districts work closely with USDA's Natural Resources Conservation Service (NRCS) through its Conservation Technical Assistance Program (CTAP) to provide the technical and other help farmers and ranchers need to plan and apply complex conservation practices, measures and systems.

The partnership of conservation districts, state conservation agencies and NRCS provides farmers and ranchers with critical help in protecting and improving the quantity and quality of our soil and water resources while meeting both domestic and international food and fiber needs. America's agricultural producers provide many benefits to our citizens including clean water and air, fish and wildlife habitat and open space. Many of the conservation practices producers apply on their land also take carbon out of the atmosphere and store it in the soil, providing a hedge against global climate change. As stewards of the nation's working lands, farmers and ranchers manage the vast majority of America's private lands and provide tremendous environmental benefits to the country.

On behalf of America's conservation districts, I am pleased to provide our recommendations on selected conservation programs carried out through the U.S. Department of Agriculture, especially those of the Natural Resources Conservation Service.

*Conservation Operations—Conservation Technical Assistance Program*

The heart of the agency's private lands conservation assistance delivery system is its Conservation Operations (CO) account. Through the CO Conservation Technical Assistance Program (CTAP), NRCS provides direct assistance to private landowners and operators and others to address myriad natural resource concerns such as soil erosion control, water and air quality protection and improvement, wetlands and wildlife habitat conservation, forestry management, grazing land improvement and other resource concerns. Requests for such assistance grow each year and far outstrip the ability of the agency to meet the demand. Data collected over the past several years continue to show a shortfall of several thousand staff years at the field level. Conservation districts recommendation for the NRCS Conservation Technical Assistance Program for fiscal year 2004 is for a total of \$731.000 million, an increase of approximately \$35 million, or 5 percent over the fiscal year 2003 level. We believe it is critical that this basic and essential program be strengthened to help landowners and operators address the nation's natural resource non-Farm Bill needs on private working lands.

The President's budget request for fiscal year 2004 includes a proposal to establish a separate Farm Bill Technical Assistance account, which would be funded by transferring \$154 million from the NRCS CO account, as well as transfers of Commodity Credit Corporation (CCC) funds and other offsets. We have argued consistently since enactment of the 2002 Farm Bill that Congress intended for the seven programs authorized in Sec. 1241(a) of Title XII of the Food Security Act of 1985 to fully fund technical assistance from their CCC accounts. We have further argued that, since at best the new Farm Bill's working agricultural lands conservation programs will reach less than 25 percent of the nation's agricultural lands, and an even smaller percentage of the nation's farms and ranches, the NRCS CO account should be intended to service basic technical assistance needs of producers who do not participate in the Farm Bill programs.

Congress rejected a similar Farm Bill Technical Assistance account proposal in its fiscal year 2003 appropriations bill for USDA and we urge you to do so again. We strongly support having each of the seven section 1241(a) programs pay for its own technical assistance, including CRP and WRP, and that funds for that purpose are not subject to the CCC section 11 cap. We also urge you to again adopt language in the fiscal year 2004 appropriations bill stating that CO funds cannot be used to provide technical assistance with respect to programs listed in section 1241(a).

*Conservation Operations—Conservation of Private Grazing Lands*

In addition to the base Conservation Technical Assistance Program, conservation districts support full funding for the NRCS Conservation of Private Grazing Lands

provision, authorized at \$60 million annually. Resource problems such as brush, weeds and accelerated water or wind erosion threaten the capacity of nearly 300 million acres—more than 50 percent—of these lands to satisfy production needs and meet natural resource values. Working with partners such as the National Grazing Lands Conservation Initiative, conservation districts and their partners have determined that at least \$60 million is needed to fund the CPGL program. This amount represents a \$36.5 million, or 5 percent, increase relative to fiscal year 2003 CTAP spending and will allow us to begin reversing the negative trends that affect both production and environmental concerns on these lands.

In addition technical assistance needs, currently more than 45 percent of the nation's rangelands lack an adequate soil survey. Approximately 80 percent of the same lands need inventory and classification of their vegetation. Such information is essential to planning and implementing coordinated resource management programs, monitoring rangeland status and dealing with resource issues such as noxious weeds, wildfire and endangered species.

NRCS is currently partnering with the Forest Service and USDI's Bureau of Land Management to develop a common interagency ecological framework for rangelands. The framework will provide improved efficiencies in rangeland inventory, facilitate interagency coordination, provide an essential base for monitoring, and provide all parties interested in rangelands a basis for a common understanding of their needs. Conservation districts urge Congress to direct the Secretaries of Agriculture and Interior to establish an interagency committee to develop a National Cooperative Rangeland Survey to address rangeland assessment and monitoring issues, provide adequate funding for those purposes and encourage the secretaries to cooperatively take actions necessary to develop and implement a 10-year plan for completion of a survey/ecological classification and a National Periodic Rangeland Survey. We recommend that \$3 million be provided to NRCS for its share of the activities described above.

The Conservation Operations account includes other important components that include snow survey and water forecasting activities; establishment and operation of plant materials centers; and conducting the cooperative soil survey program. Specific recommendations for those activities are: snow survey—\$10 million; plant materials center—\$15 million; and soil surveys: \$91 million.

#### *Watershed Protection*

Through its Watershed Protection and Flood Prevention, Watershed Surveys and Planning, Watershed Rehabilitation Program and Emergency Watershed Program, NRCS partners with states, local units of government, tribes and other sponsor organizations to address many natural resource issues on a watershed basis. More than 2,000 plans, covering 160 million acres in watersheds across the country, have been completed or are under development. The purposes of watershed projects include watershed protection, flood prevention, water quality improvements, soil erosion reduction, water supply, irrigation water management, fish and wildlife habitat enhancement and wetland protection and restoration. Technical and financial assistance are provided in cooperation with local sponsoring organizations and state and other sponsoring public agencies to voluntarily plan and install watershed-based projects on private lands.

In addition to planning new and meeting existing project needs, many of the more than 10,000 existing structures built over the past 50 years through the cooperative watershed programs are nearing the ends of their life spans and no longer meet current dam safety or other standards. These structures now need to be upgraded, repaired or decommissioned to address watershed needs of today and the future.

NRCS's Emergency Watershed Program provides cost-share and technical assistance to help landowners and operators and other cooperators restore damage from floods, storms and other natural disasters.

The President's requests of \$40 million for the Watershed Protection and Flood Prevention Program, \$5 million for Watershed Surveys and Planning, and \$10 million for Watershed Rehabilitation fall far short of the need. NACD and its partner, the National Watershed Coalition, document an immediate need and ability to effectively utilize \$190 million, \$35 million and \$45 million, respectively, for these programs that address important watershed-based public health and safety issues across the nation and we urge you to make these funds available.

Conservation districts also urge you to fund the NRCS Emergency Watershed Program at \$110 million in fiscal year 2004 as an important step toward creating a separate, stand-alone account for helping landowners and operators respond to flooding and other emergencies.

*Resource Conservation and Development (RC&D) Program*

NRCS's Resource Conservation and Development (RC&D) Program helps improve the capability of state, tribal and local units of government and local nonprofit organizations in rural areas to plan, develop and carry out programs to advance quality of life through natural resources conservation and community development. The overall goal of the RC&D Program is to help communities achieve sustainable development through prudent use, management and conservation of natural resources. The Farm Security and Rural Investment Act of 2002 (Farm Bill) permanently authorized the RC&D Program and increased the number of authorized areas to 450.

RC&D Councils play an important role in rural development and natural resource conservation. USDA has indicated that it takes \$161,000 to fully support an RC&D council. There are 368 existing councils and 20 pending applications. Conservation districts recommend that Congress appropriate \$69.2 million to fully support the existing councils and additional applicant areas up to the authorized limit.

*Rural Abandoned Mine Program (RAMP)*

Through its Rural Abandoned Mine Program (RAMP), NRCS addresses health, safety and environmental hazards created by abandoned mine lands in rural areas, which affect half of the 50 states. Although the Abandoned Mine Reclamation Fund (AMRF) is intended to fund these reclamation activities by providing a portion of the collected fees to be transferred from the Interior Department to RAMP, the program has received no funding for the past seven years.

A portion of the funds from the Abandoned Mine Reclamation Fund is intended to be transferred to NRCS to help defray the costs associated with mineland reclamation activities. Although the portion of the fees collected by the AMRF targeted for RAMP stands at more than \$250 million, no funds have been transferred in the past six years. Conservation districts recommend transferring \$25 million from the AMRF to the NRCS RAMP account in fiscal year 2004.

Additional recommendations for USDA's discretionary-funded private lands conservation programs are contained in the attached chart.

*Mandatory Programs*

In 1985, Congress recognized the important role that farmers and ranchers play in environmental protection when it enacted the first Farm Bill conservation title that required producers to incorporate conservation into their operations if they wanted to continue receiving USDA farm program benefits. The title also included a land retirement program—the Conservation Reserve Program (CRP)—to give farmers financial incentives to take sensitive lands out of production. In subsequent Farm Bills and other statutes, lawmakers added more incentives programs—the Wetlands Reserve Program (WRP), Environmental Quality Incentives Program (EQIP), Farmland Protection Program (FPP), Wildlife Habitat Incentives Program (WHIP) and Agricultural Management Assistance (AMA) Program—to provide additional incentives to increase conservation.

The Farm Security and Rural Investment Act of 2002 enacted sweeping legislation that extended the above Farm Bill conservation programs, added several new initiatives, including the Conservation Security Program (CSP), Grassland Reserve Program (GRP) and Forest Land Enhancement Program (FLEP). It also dramatically increased funding for conservation through the Commodity Credit Corporation (CCC) by 80 percent over current levels. In addition to the new and expanded program initiatives, the six-year bill provided that all of the “mandatory” conservation programs would pay for their own technical assistance needs from within their own CCC program accounts.

As noted earlier, the fiscal year agriculture component of the fiscal year 2003 omnibus appropriations bill clarified this by amending the Farm Bill to very specifically state this intent. However, the bill provided that technical assistance funding for the WRP and CRP would have to come from the CCC accounts of EQIP, FRPP, WHIP, the CSP and GRP. Conservation districts urge Congress to correct this oversight by amending the statute to allow WRP and CRP to pay their own technical assistance costs.

With respect to the CSP, this new program presents an extraordinary opportunity to increase conservation on private working lands. In contrast to the other, more targeted programs, all producers and all working the CSP are eligible to participate. This innovative program provides varying levels of cost-share and incentive payments to producers who install and/or maintain conservation practices and systems with higher levels of conservation qualifying for higher levels of payments. Conservation districts worked hard to help craft this program and ensure its passage in the Farm Bill and support the CSP as an entitlement with no cap on its cost, as written in the 2002 law. The 2003 appropriations law, however, capped the pro-

gram at \$3.7 billion over a 10-year period, which we believe seriously limits its ability to achieve much more significant conservation gains during that span. We strongly urge Congress to lift this restriction and allow the CSP to realize its true potential.

Other conservation programs addressed in the Farm Bill include increasing CCC funding for the Agricultural Management Assistance (AMA) Program, which provides EQIP-type assistance in states traditionally underserved by Farm Bill programs, and providing additional CCC funding for the Small Watershed Rehabilitation Program.

Conservation districts were strong supporters of the Farm Bill conservation programs and played a key role in their development and enactment. They also have significant roles in their implementation, among other roles, approving conservation plans, identifying local resource concerns, priorities and objectives, and coordinating community input into programs. In order to fully attain the public benefits the American want and expect from these key private lands conservation programs, we urge you to allow for their full funding in fiscal year 2004 as detailed in the attached chart.

#### *Conclusion*

As you continue your work on providing funding for critical NRCS programs, we again urge you to keep in mind that NRCS is the only Federal agency whose primary role is to provide conservation assistance on the nation's private lands. There are a few other agencies with narrowly targeted purposes, but no other agency even comes as close to touching all of America's private working lands as do NRCS and conservation districts. It is critical, therefore, that we strengthen the nation's commitment to providing adequate resources to help land managers conserve and protect natural resources on these lands.

On behalf of the nation's 3,000 conservation districts, we appreciate the opportunity to provide our views on fiscal year 2004 funding recommendations for select USDA conservation programs. We look forward to working with you over the next few months in finalizing your proposals.

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#### PREPARED STATEMENT OF THE NATIONAL ASSOCIATION OF PROFESSIONAL FORESTRY SCHOOLS AND COLLEGES (NAPFSC)

The National Association of Professional Forestry Schools and Colleges (NAPFSC) is comprised of the 69 universities that conduct the Nation's research, teaching, and extension programs in forestry and related areas of environmental and natural resource management. NAPFSC strongly supports increased funding for Federal forestry research programs, including those operated by the USDA's Cooperative State Research Education and Extension Service (CSREES).

The time is right to strengthen the research and technology transfer capacity for Federal land management agencies. The management of nonfederal forestlands has become a critical economic, environmental, and security issue. Owners and managers of nonfederal forestlands are simply not equipped to deal with the tremendous changes in forest land use and management that have occurred in the last decade nor the pressures of the 21st century.

The programs outlined below are key to addressing the stewardship of these lands. These programs are: the McIntire-Stennis Cooperative Forestry Research Program (McIntire-Stennis), the Renewable Resources Extension Act (RREA), and the National Research Initiative (NRI) Competitive Grants Program. These programs have stimulated the development of vital partnerships involving universities, Federal agencies, non-governmental organizations and private industry, and need to have increased funding for fiscal year 2004.

*The Case for Enhanced Forestry Research Funding.*—The past, present, and future success of forestry research and extension activities arising from the NAPFSC member institutions results from a unique partnership involving Federal, State, and private cooperators. Federal agencies have concentrated on large-scale national issues while state funding has emphasized applied problems and state-specific opportunities. University research in contrast, with the assistance of Federal, State and private support, has been able to address a broad array of applied problems related to technology development and fundamental biophysical and socioeconomic issues and problems that cross ownership, state, region, and national boundaries.

The 1998 Farm Bill and various subsequent reports and conference proceedings have identified the need for greater attention on the emerging issues confronting non-Federal forest landowners. NAPFSC is pleased to be one of the cofounders of the National Coalition for Sustaining America's Nonfederal Forests. The founding

of the Coalition and its subsequent report emerged from a Forestry Summit held in 1999 that brought together key forestry leaders and landowners from across the nation. The Coalition has documented a plan of action to conserve, protect, and sustain our nation's nonfederal forest lands. Recent security threats to the nation's forest and water resources further heighten the importance of this plan. The plan stresses the importance of cooperation among the public universities, State forestry agencies, Federal agencies, and the many stakeholders in the natural resources arena. Key elements of this plan are research capacity and concerted action on stakeholder priorities.

The forests and other renewable natural resources of this country are primary contributors to the economic health of the nation; are reservoirs of biodiversity important to the well-being of our citizens; are significant to the maintenance of environmental quality of our atmosphere, water, and soil resources and provide diverse recreational and spiritual renewal opportunities for a growing population. Tremendous strains are being placed upon the nation's private forest lands by the combination of increasing demands for forest products coupled with dramatic changes in timber policies concerning our National Forests. Because of the changes in Federal forest policy, private forest lands in the United States are now being harvested at rates not seen since the beginning of the 20th century.

To meet this challenge, research priorities must be adjusted to better address the needs of private landowners, and to specifically enhance the productivity of such lands through economically efficient and environmentally sound means. These challenges can be substantially addressed by the university community through the building of integrated research and extension programs assisted by McIntire-Stennis, RREA, and NRI.

There are currently approximately 10 million private forestland owners in the United States. These landowners control nearly 60 percent of all forestland in the country. And it has been to the universities, with strong support from CSREES, that landowners traditionally look for new information about managing their lands. The overwhelming majority of the 10 million private landowners are not currently equipped to practice the sustained forest management that is critical to the health of our environment and economy. The combination of research conducted by the forestry schools, combined with the dissemination of that research through the cooperative extension network, has never been more essential.

The Cooperative Forestry Research (McIntire-Stennis) Program is the lead forestry effort administered by the USDA Cooperative State Research, Education, and Extension Service (CSREES). This program is the foundation of forest resources research and scientist training efforts at universities. The program provides cutting-edge research on productivity, technologies for monitoring and extending the resource base, and environmental quality—efforts that are critically important since universities provide a large share of the nation's research.

*The Investment.*—The program is currently funded at \$21,742,000 and matched more than three times by universities with state and nonfederal funds. The NAPFSC funding request for fiscal year 2004 is \$30 million with the increase targeted at:

- sustainable and productive forest management systems for private lands to address issues of global change, international competition and economic growth (\$2.8 million);
- forest health and risk to address fire, pest species, and other disturbances affecting domestic resource security, downstream impacts, and restoration of complex systems (\$2.1 million);
- assessing social values and tradeoffs to identify realistic policy options, economic impacts, and to inform decisions with effective science at all levels of government (\$1.1 million);
- forest monitoring and information systems with emphasis on geospatial technologies and landscape models for aiding the assessment of policy alternatives (\$1.1 million); and
- new biobased products, improved processing technologies, and utilization of small trees to extend the forest resource and enhance environmental quality (\$1.0 million);

The NAPFSC schools request this support with direction to focus on new or existing approved projects to achieve rapid progress on one or more of these research targets in each school's state, region, or nationally. We recognize that progress will be dependent on a critical mass of scientific effort, thus collaboration among schools is encouraged. Portions of this funding will also be used to provide training for critically needed new forest resources scientists. Addressing the base program needs will in turn build the capacity to compete effectively for competitive grants, such as through the National Research Initiative (NRI).

The Renewable Resources Extension Program (RREA) program in CSREES is the nation's lead forest resources extension effort—it is the foundation of outreach and extension efforts at universities. The program is critically important today since universities provide a large share of the nation's outreach and extension. Also, these same institutions educate nearly all of the nation's professionals in forest resources. Audiences for the products of outreach and extension are as diverse as are the stakeholders. The highest priority is the owners of nonfederal forestlands and those involved in implementing forest management.

*The Investment.*—A wide range of management practices and techniques are needed to increase the production of multiple outputs from forests and to enhance domestic resource security. Building toward this accomplishment will take several years. However, we urge a significant step this year. The RREA program is currently funded at \$4,516,000. The NAPFSC request for fiscal year 2004 is \$15 million. The most compelling targets for this increase are:

- Best management practices together with readily accessible information on programs, services, and benefits of natural resources management and planning to integrate water, wildlife, timber, fish, recreation and other products and services (\$3.5 million);
- Communication systems for landowner education and the delivery of information tailored to address owner values and objectives (\$3.3 million);
- Risk management approaches for addressing fire, pests, and other disturbances at local to larger scales—issues of environmental and resource security (\$2.1 million).
- Opportunities for cooperation such as landowner cooperatives and other organizations linked to professional services and marketing, and conservation strategies to address local issues within the framework of landowner's objectives (\$1.5 million).

The NAPFSC schools request this support with direction to focus on new or existing approved projects to achieve rapid progress on one or more of these research targets in each school's state, region, or nationally. We recognized that progress will be dependent on a critical mass of extension educator effort, thus collaboration among schools is encouraged. Portions of this funding will also be used to provide the training needed in developing new extension educators.

The National Research Initiative Competitive Grants Program (NRI) is a significant source of funding for basic and applied research on forest resources and their management and utilization. This program is currently funded at \$166,045,000 of which approximately ten percent goes to successful forestry research proposals. NAPFSC supports the Administration's efforts to increase the funding for this program to \$200 million for fiscal year 2004 but urges that at least 20 percent of the increase be directed to forest resources related research.

*2002 Farm Bill Funding.*—NAPFSC strongly urges Congress to provide full funding for the various programs authorized in the 2002 Farm Bill, especially programs such as Environmental Quality Incentives Program (EQIP) and the Forest Land Enhancement Program (FLEP). These programs, along with programs such as Wetland Reserve Program and the Wildlife Habitat Improvement Program (WHIP) are instrumental in the development and implementation of any national investment strategy for forest resources. It is important that the Department of Agriculture has a strong infrastructure to deliver these important conservation provisions. NAPFSC urges the Committee to provide necessary funding to the Natural Resources Conservation Service. These funds will provide the resources to insure that the technical expertise will be available to work with the increasing number of landowners who are addressing a broad set of resource issues, including forest management as well as conservation.

#### *Conclusion*

The investments outlined here are substantial, but the potential savings and returns are far greater. Disciplined and rigorous implementation of research and education on forest resources issues will contribute greatly to attaining our vision for America's nonfederal forests for the future. NAPFSC urges cooperation at Federal, State, and University levels to make this investment and the vision and security it will support a reality.

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PREPARED STATEMENT OF THE NATIONAL ASSOCIATION OF UNIVERSITY FISHERIES  
AND WILDLIFE PROGRAMS

The National Association of University Fisheries and Wildlife Programs (NAUFWP) appreciates the opportunity to submit testimony concerning the fiscal

year 2004 budgets for the Natural Resources Conservation Service (NRCS) and the Cooperative State Research, Education and Extension Services (CSREES). NAUFWP represents approximately 55 university programs and their 440 faculty members, scientists, and extension specialists and over 9,200 undergraduates and graduate students working to enhance the science and management of fisheries and wildlife resources. NAUFWP is interested in strengthening fisheries and wildlife education, research, extension, and international programs to benefit wildlife and their habitats on agricultural and other private land.

#### NATURAL RESOURCES CONSERVATION SERVICE

*Farm Bill Technical Assistance.*—We applaud Congress for passing the 2002 Farm Bill that authorizes USDA to work with third party Technical Service Providers, building a strong cadre of certified professionals to assist NRCS in delivering assistance to producers. However, NRCS recognizes that technical service and other training will be needed to effectively prepare Technical Service Providers to assist producers and landowners. NAUFWP recommends that the Administration provide NRCS with adequate funds to make use of universities, colleges, land grant institutions, and the Extension Service to train Technical Service Providers.

*Monitoring and Evaluation.*—Monitoring Farm Bill conservation programs and evaluating their progress toward achieving Congressionally established objectives for soil, water, and wildlife will enable NRCS to ensure successful conservation program implementation. Changes to agricultural policy in the 2002 Farm Bill, such as higher funding authorizations and expanded acreage enrollment caps, necessitate an accountability system that continuously assesses the effectiveness of conservation programs and policies. NAUFWP recommends dedicating the \$10 million approved in the Farm Bill Statement of Managers for monitoring to monitoring and evaluation of Farm Bill conservation programs. We propose using a competitive grants process to fund a consortium of non-USDA organizations (non-governmental organizations, universities, and state organizations) for the purpose of identifying cost-saving practices, program improvements, and future funding requirements, and determining the environmental and economic value of conservation expenditures.

#### COOPERATIVE STATE RESEARCH, EDUCATION AND EXTENSION SERVICES

*Renewable Resources Extension Act.*—NAUFWP was pleased that Congress appropriated \$423,000 above the Administration's request for the Renewable Resources Extension Act (RREA) in 2003. RREA provides an expanded, comprehensive extension program for forest and rangeland renewable resources. The need for these programs is greater than ever now due to fragmentation of ownerships, urbanization, the number and diversity of landowners needing assistance, and the increasing social concern for land use and its effect on soil, water, air, and wildlife.

It is important to note that RREA was reauthorized in the 2002 Farm Bill at \$30 million annually through 2007. Though RREA is proven to be effective at leveraging cooperative state and local funding, it has never been fully funded in the annual appropriations process. In fact, the fiscal year 2004 request for RREA falls back to the 2002 funding level, \$4.093 million, which is insufficient for assisting private landowners who own and manage most of the nation's natural resources. An increase to at least \$15 million would enable CSREES to expand its capability to assist more private landowners in improving management of private land while increasing farm revenue. Therefore NAUFWP recommends that the Renewable Resources Extension Act be funded at a minimum of \$15 million in fiscal year 2004.

*McIntire-Stennis.*—The McIntire-Stennis Cooperative Forestry program funds state efforts in forestry research to increase the efficiency of forestry practices, and to extend the benefits that come from forest and related rangelands. McIntire-Stennis calls for close coordination between state colleges and universities and the Federal Government, and is essential for providing research background for other Acts, such as RREA. The Administration's fiscal year 2004 request for McIntire-Stennis is \$21.884 million, in essence level with 2002 and 2003. NAUFWP recommends that funding for McIntire-Stennis Cooperative Forestry be increased to \$30 million.

*National Research Initiative.*—National Research Initiative Competitive Grants (NRI) are open to academic institutions, Federal agencies, and private organizations to fund research on improving agricultural practices, particularly production systems that are sustainable both environmentally and economically, and to develop methods for protecting natural resources, including wildlife. Innovative grant programs such as NRI help broaden approaches to land management, such as integrating timber and wildlife management on private lands. NAUFWP supports the Administration's 2004 request of \$200 million for National Research Initiative Competitive Grants, and requests Congressional approval.

Thank you for considering the views of university fisheries and wildlife scientists. We look forward to working with you and your staff to ensure adequate funding for wildlife conservation.

PREPARED STATEMENT OF THE NATIONAL COMMODITY SUPPLEMENTAL FOOD PROGRAM

Mr. Chairman and subcommittee members, I am Leona Martens, President of the National Commodity Supplemental Food Program (CSFP) Association. Our Association of state and local CSFP operators works diligently with the Department of Agriculture Food, Nutrition and Consumer Service to ensure a quality supplemental nutrition assistance commodity food package program for low income persons aged sixty and older, and low income mothers, infants, and children. The program, which was authorized in 1969, serves approximately 476,000 individuals every month in 32 states, 2 Tribal Organizations and the District of Columbia.

This 34 year old CSFP stands as testimony to the power of partnerships between community and faith-based organizations, private industry and government agencies. The CSFP offers a unique combination of advantages unparalleled by any other food assistance program:

- The CSFP specifically targets our nation's most vulnerable populations: the very young and the very old low-income persons.
- The CSFP provides a monthly selection of food packages specifically tailored to the nutritional needs of the population we serve. Each eligible participant in the program is guaranteed [by law] a certain level of nutritional assistance every month.
- The CSFP purchases foods at wholesale prices, which directly supports the farming community. The wholesale costs amount to 1/3 the cost it would be to provide the same supplemental nutrients at retail voucher cost. The average food package for fiscal year 2003 is \$13.72, and the retail cost would be approximately \$45.00.
- The CSFP involves the entire community in the problems of hunger and poverty. Thousands of volunteers as well as many private companies donate money, equipment, and most importantly time to deliver food to homebound seniors. These volunteers not only bring food but companionship and other assistance to seniors who might have no other source of support.

Chairman Bennett, the committee has consistently been helpful with funding support for our very prudent way of providing nutritional supplemental food packages to low income eligible seniors, mothers and children. Please help us continue.

NATIONAL CSFP NATIONAL CSFP ASSOCIATION 2004 ISSUES AND GOALS

*Fiscal year 2004 Caseload and Funding Request—\$130 Million*

598,674 Caseload Slots—\$129,994,469.00.

Caseload Requirements Existing States—559,674 Slots.

*Total Cost Per Caseload Slot: \$164.64.*—(\$13.72 blended monthly food package cost × 12 months) + \$52.08 (\$51.48 annual fiscal year 2003 administrative annual funding level × 1.16 percent state and local index of inflation) = \$216.72 per slot = \$121,292,549.00.

*Expansion For Current Participating States: 27,000 Slots.*—Current participating states had requested 6,000 additional slots to serve CSFP eligible seniors, women and children that were not awarded for fiscal year 2003. Additional slots will be needed as the eligible population increases due to the current economic conditions. This would require an \$164.64 (\$13.72 blended monthly food package cost × 12 months) + \$52.08 (\$51.48 annual fiscal year 2003 administrative annual funding × 1.16 percent state and local index of inflation) = \$216.72 per slot = \$5,851,440.00

*New States: 12,000 Slots.*—Arkansas, Maine, Oklahoma and Utah are submitting State Plans. 3,000 slots for each State would equal an additional \$123.48 (\$13.72 blended monthly food package cost × 9 months) + \$39.06 (\$52.08 prorated for 9 months) = \$162.54 per slot = \$1,950,480.00.

Estimated USDA Costs for Procuring Commodities—\$.9 million.

*Restore Senior Income Guidelines to 185 percent of Poverty.*—Current income eligibility for senior clients is set at 130 percent of the poverty income guidelines, as opposed to 185 percent of poverty for CSFP women, infants, and children and clients of the WIC Program and the Seniors Farmers Market Nutrition Program. Many seniors are struggling with high housing, medical, and utility costs, and at the 130 percent poverty guideline, even the slightest inflation-driven increase in Social Security income renders many seniors ineligible for CSFP. The Senior Nutrition Act has

been introduced in both the House and Senate in 2003. Senate bill number is S 468 and House is HR 1021.

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PREPARED STATEMENT OF THE NATIONAL FISH AND WILDLIFE FOUNDATION

I appreciate the opportunity to submit testimony for the record regarding the fiscal year 2004 funding request for the National Fish and Wildlife Foundation (Foundation). The Foundation respectfully requests that this Subcommittee fund the Foundation at \$4 million through the U.S. Natural Resources Conservation Service (NRCS) appropriation. This request would allow the Foundation to expand its highly successful grant program to better assist the NRCS in maximizing the benefits of the Conservation Title of the 2002 Farm Bill.

Federal dollars appropriated by this Subcommittee allow us to leverage state, local and private dollars for on-the-ground conservation. Since our inception in 1984, the Foundation as a whole has supported over 5,756 grants and leveraged over 230 million Federal dollars for more than \$700 million in on-the-ground conservation projects. This has resulted in more than 24.6 million acres of restored and managed wildlife habitat; 15,036 miles of restored streams and waterways; new hope for countless species under stress; new models of private land stewardship; and, stronger education programs in schools, local communities and on our Nation's farms. This Subcommittee's appropriation of NRCS dollars to the Foundation has helped us reach our goal.

With funds appropriated to the Foundation in previous 2 fiscal years, we have been able to yield a return of more than three non-Federal dollars raised for every taxpayer dollar entrusted to our organization. None of our Federally appropriated funds are used for lobbying or litigation, or the Foundation's administrative expenses. All of our Federally appropriated funds go to on-the-ground projects. Furthermore, our general administrative expenses, including fundraising, public relations, and finance and administration averaged 4 percent or less over the past 5 years.

The Foundation's relationship with the NRCS began in 1996 when we signed a cooperative agreement to protect and restore previously converted agricultural wetlands through the Wetland Reserve Program (WRP). Through that partnership the Foundation received \$5 million in NRCS funds, matched it with \$5.4 million in non-Federal funds and awarded a total of 31 WRP grants. More than 10,000 acres were restored and enrolled in the WRP through this effort. In 1999, due in part to success of our WRP grant program, this Subcommittee appropriated \$3 million in fiscal year 2000 funds to the Foundation to implement a new general conservation grant program with the NRCS.

This new general conservation grant program allowed us then and continues to allow the Foundation to be highly successful in assisting the NRCS in accomplishing its mission to help people conserve, maintain and improve our natural resources and environment. Whether it involves farm, range or grassland conservation, species management or conservation education, the Foundation strategically invests the Federal funds entrusted to us in sound projects. In fiscal year 2000, the Foundation was able to match the \$3 million in appropriated funds with \$7.5 million in non-Federal funds. In fiscal year 2001, the Foundation received an additional \$3 million to continue our conservation partnership. This time the Foundation was able to exceed a 3:1 non-Federal to Federal investment ratio by matching the \$3 million appropriated by the Subcommittee with more than \$10.5 million in non-Federal funds.

Our success continued in fiscal year 2002 as we were able to once again achieve a 3:1 non-Federal to Federal matching ratio by turning the \$3 million appropriated to the Foundation into more than \$12 million in on-the-ground conservation. In total, during the past 3 years the Foundation has been able to support 185 grant projects in 43 states by matching the \$9 million in appropriated funds with more than \$27 million in non-Federal funds for a total of \$36 million in on-the-ground conservation. Although we have not received our fiscal year 2003 funds yet, we fully anticipate receiving more good project proposals than we will be able to fund.

You might ask how do we do it. The Foundation provides competitive grants that are matched by the grantee with non-Federal funds and in-kind services. Those grantees include Resource Conservation and Development Councils, conservation districts and non-profit organizations. The Foundation also works to provide private funds through the generosity of one of our growing number of corporate and foundation partners. For example, Federal funds awarded through our NRCS grant program have been supplemented with funding from the Shell Oil Company, the FMC Corporation, Anheuser-Bush Companies, Inc., the Summer T. McKnight Foundation, the Charles Stewart Mott Foundation and the David and Lucile Packard Founda-

tion. In fiscal year 2002 alone, these organizations provided more than a quarter of a million dollars to enhance our NRCS partnership grants.

#### *Working Landscapes*

Through our partnership we work with NRCS to identify and fund projects that have strong support in affected agricultural and rural communities. We place our highest priority on projects integrating conservation practices on ongoing agricultural, ranching and forestry operations. We fund partners and provide expertise by engaging watershed experts, ranchers, foresters, farmers, local governments and non-profits to undertake on-the-ground private land activities with willing landowners.

The Foundation has provided critical support to organizations that are assisting farmers and ranchers implement Farm Bill programs. Through these efforts the Foundation has helped to restore and protect thousands of acres of buffer, wetland and grassland habitats. From fiscal year 2000 through fiscal year 2002 the Foundation's partnership with the NRCS has led to the direct restoration of 177,716 acres of farmland and rangeland and to 638 miles of restored streams and rivers. The Iowa Buffer and Wetland Enrollment project is an example of a great working landscape project. With \$37,500 in Federal funds and \$387,500 in non-Federal funds, the grantee, Pheasants Forever, worked with Soil and Water Conservation Districts (SWCD) to sign up 58,790 acres of buffers and small wetlands to the Continuous Conservation Reserve Program (CCRP). The program was implemented in approximately 70 SWCD's in Iowa.

The Foundation has also invested heavily in efforts to improve the ecological health of working agricultural lands. Grantees supported by the Foundation have worked with farmers and ranchers to reduce agricultural runoff, remove invasive species and restore native ecosystems. An example of one of our stellar projects is the Conservation on Wisconsin Blufflands project. The grantee, The Prairie Enthusiasts, are utilizing \$12,500 in Federal funds and \$60,000 in non-Federal funds to work with local private landowners in managing prairie and oak savanna remnants in southern Wisconsin. Oak savanna is one of the most rare plant communities in North America and requires active management to properly maintain. This project seeks to work with 30 private landowners on 2,000 acres of land to connect adjacent prairie remnants through landowner management practices.

#### *Conserving Fish, Wildlife and Plants*

With our NRCS dollars, the Foundation funds projects that directly benefit diverse fish and wildlife species including, salmon in the west, migratory birds in the midwest and grassland birds in the south. Habitat for native fish has been restored on private lands throughout the United States through vegetative planting, streambank stabilization, livestock fencing and nutrient reduction efforts. In addition to improving water quality, efforts have been undertaken by our grantees to reduce water loss associated with irrigation systems. By reducing the water taken from rivers for irrigation purposes, there is less chance that drought will negatively impact aquatic life.

A project that highlights our restoration of native fish is the Thistle Creek (UT) Riparian Restoration project. With \$25,000 in Federal funds and \$51,600 in non-Federal funds the Utah Division of Wildlife Resources restored 3,500 feet of stream corridor and 30 acres of associated riparian habitat on a working ranch in Utah County, Utah. The project improved the spawning and rearing habitat for the leatherside chub, a state sensitive species, and served as a demonstration site to educate local landowners on the value of properly functioning streams to the ecological health of the land.

We also measure our success in part by preventing the listing of species under the Endangered Species Act and by stabilizing and hopefully moving others off the list. Some species that have received support through our NRCS grant program include salmonids, golden-cheeked warblers, black-tailed prairie dogs and Karner blue butterflies. We invest in common sense and innovative cooperative approaches to endangered species, building bridges between the government and the private sector.

#### *Expanding Conservation Education Opportunities*

Our grants also use our NRCS dollars to expand conservation education opportunities. Of our fiscal year 2002 NRCS partnership grants, approximately one fourth contained an environmental education component. Some of the conservation education projects supported through our NRCS grant program seek to educate farmers and ranchers on conservation practices while demonstrating how best management practices and wildlife incentives provide both environmental and economic benefits. Other projects have provided training to secondary school teachers on the ecological, economic and cultural benefits of rangeland and farmland conservation. The Limited

Resource Farmer Outreach (MS) grant is a good example to highlight. In this project, the grantee, Northwest Mississippi Resource Conservation & Development Council, was awarded \$57,500 in Federal funds that were matched with \$138,000 in nonfederal funds to increase limited resource farmer knowledge of and participation in conservation practices. The project made conservation methods available to the farmers, assisted them in their implementation and demonstrated the environmental and economic benefits derived from these programs.

*Accountability and Grantsmanship*

All potential grants are subject to a peer review process involving local NRCS staff, state agency staff, academics, commodity and environmental interests, corporations, and others. The review process examines the project's conservation need, technical merit, the support of the local community, the variety of partners, and the amount of proposed non-Federal cost share. We also provide a 30 day notification to the Member of Congress for the congressional district in which a grant will be funded prior to making the grant. In addition, the Foundation requires strict financial reporting by grantees and is subject to an annual audit.

*Basic Facts About the Foundation*

The Foundation promotes conservation solutions by awarding challenge grants using its Federally appropriated funds to match private sector funds. We have a statutory requirement to match Federal funds with at least an equal amount of non-federal funds, which we consistently exceed. No federal Agriculture Subcommittee appropriations meet our administrative expenses—these costs are met through private fundraising activities distinct from our matching grant fundraising. The Foundation assesses administrative fees for programs when an agency asks us to carry out a special project, such as the “Friends” Initiative to benefit the National Wildlife Refuge system. The fee is five percent or less and does not involve the funds appropriated to the Foundation.

The Foundation is governed by a 25-member Board of Directors appointed by the Secretary of The Interior. At the direction of Congress, the Board operates on a non-partisan basis. Directors do not receive any financial compensation for service on the Board; in fact, all of our directors make financial contributions to the Foundation. It is a diverse Board, representing the corporate, philanthropic, and conservation communities; all with a tenacious commitment to fish and wildlife conservation.

The National Fish and Wildlife Foundation continues to be one of, if not the, most cost-effective conservation program funded in part by the Federal Government. By implementing real-world solutions with the private sector while avoiding regulatory or advocacy activity, our approach is more consistent with this Congress' philosophy than ever before. We serve as a model for bringing private sector leadership to Federal agencies and for developing cooperative solutions to environmental issues. We are confident that the money you appropriate to the Foundation will continue to make a difference.

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PREPARED STATEMENT OF THE NATIONAL ORGANIZATION FOR RARE DISORDERS  
(NORD)

Mr. Chairman, and members of the Senate Appropriations Subcommittee on Agriculture, Rural Development and Related Agencies, the National Organization for Rare Disorders (NORD) wishes to express its views regarding appropriations for the Orphan Products Research Grants Program administered by the Office of Orphan Product Development (OOPD) at the Food and Drug Administration (FDA).

On November 6, 2002, President George W. Bush signed the Rare Diseases Orphan Product Development Act, Public Law 107-281, sponsored by Representative Mark Foley. The purpose of the Act is to “increase the national investment in the development of diagnostics and treatments for patients with rare diseases and disorders,” as follows:

**Sec. 3. FOOD AND DRUG ADMINISTRATION; GRANTS AND CONTRACTS FOR THE DEVELOPMENT OF ORPHAN DRUGS.**

Subsection (c) of section 5 of the Orphan Drug Act (21 U.S.C. 360ee(c)) is amended to read as follows:

“(c) For grants and contracts under subsection (a), there is authorized to be appropriated such sums as already have been appropriated for fiscal year 2002, and \$25,000,000 for each of the fiscal years 2003 through 2006.”

As NORD, and the 25 million Americans affected by rare diseases celebrate the 20th anniversary of the passage of the Orphan Drug Act, we respectfully request that this Committee reconfirm Congress' commitment to the rare disease community

by increasing funding for research on needed diagnostics and therapeutics. Specifically, we request that this Committee support an increase in funding for the FDA's Orphan Product Research Grants program to the \$25 million authorized in the Rare Diseases Orphan Product Development Act (Public Law 107-281), and for each of the fiscal years 2005 through 2008.

#### *Background*

In 1982, the U.S. Congress passed the Orphan Drug Act, (ODA), Public Law 97-414, and on January 4, 1983, President Ronald Reagan signed it into law. Both the Congress and the Administration recognized that "a pharmaceutical company which develops an orphan drug may reasonably expect the drug to generate relatively small sales in comparison to the cost of developing the drug and consequently to incur a financial loss." It also found that, "there is reason to believe that some promising orphan drugs will not be developed unless changes are made in the applicable Federal laws to reduce the costs of developing such drugs and to provide financial incentives to develop such drugs."<sup>1</sup>

Financial incentives of the ODA include:

- Seven years marketing exclusivity for the first company to develop an orphan drug for a rare disease;
- User fee waiver;
- User fee waiver;
- Tax credits for the costs of clinical research;
- Establishment the FDA Orphan Product Research Grants program to support small clinical trials on new orphan drugs, biologics, devices and medical foods;
- The law defines a rare disease or condition as any disease or condition which "(A) affects less than 200,000 persons in the United States, or (B) affects more than 200,000 in the United States for which there is no reasonable expectation that the cost of developing and making available in the United States a drug for such disease or condition will be recovered from sales in the United States of such drug."<sup>2</sup>

#### *Orphan Products Defined*

"Orphan products" are treatments for rare conditions that have small potential markets and thus are not attractive to the commercial sector. Such treatments were not being developed for "orphan" diseases by the private sector until the Orphan Drug Act was enacted in 1983. For example, only 10 products specifically for the treatment of rare diseases were developed by the pharmaceutical industry during the 10 years prior to 1983.

Since 1983, the FDA has approved 238 orphan drugs for marketing, and more than 900 additional orphan drugs are in the research pipeline

- 85 percent are used for serious and/or life-threatening diseases
- 31 percent are for rare cancers
- 11 percent are for metabolic disorders
- 50 percent are for pediatric uses
- 20 percent of orphan designations are for novel biotechnology products.

According to the FDA Office of Orphan Product Development, these currently marketed orphan drugs are helping over 11 million Americans and millions more around the world.<sup>3</sup>

#### *Orphan Products Research Grants Program*

In 1982, Congress passed the Orphan Drug Act to provide funding for pivotal clinical trials on new orphan drugs, medical devices, and medical foods for rare diseases.

Of the 238 orphan products currently approved for marketing, 29 (25 drugs and 4 medical devices) have been developed with funding from the FDA's orphan product research grants. These small research grants are critically important to academic scientists trying to develop preliminary data they can use to attract commercial sponsors who will develop their treatment and bring it to the American market. They are also important to small companies developing sufficient data to attract investment capital.<sup>4</sup>

<sup>1</sup> The Orphan Drug Act, Public Law 97-414.

<sup>2</sup> The Orphan Drug Act, as amended October 1984, Public Law 98-551.

<sup>3</sup> Haffner, Marlene E., Whitley, Janet and Moses, Marie. Two decades of orphan product development, *Nature Reviews*, October 2002, pp. 821-825.

<sup>4</sup> "The Orphan Drug Act has proven particularly helpful to the biotechnology industry that emerged in the years following passage. This young, volatile industry is heavily dependent on private capital to fund research and development." *The Orphan Drug Act, Implementation and Impact*. DHHS, Office of Inspector General, OEI-09-00-00380, May 2001.

Twenty-one of the 29 products developed through funding from the FDA's Orphan Products Research Grants Program were awarded to investigators at academic centers. The remainder went to start-up firms (see attached), thus "bridging the gap between basic research, clinical development and marketing approval."<sup>5</sup>

Approximately 80 applications for new orphan product research grants are received each year, but until now only 20 percent of those new applications have actually been funded annually.

Most of FDA's Orphan Products Research Grants support small clinical trials at academic institutions throughout the nation to develop the preliminary evidence that is necessary to attract commercial sponsors. This unique research grant program is the quintessential model for a successful government/industry partnership, filling a major gap between academic research and the private sector, and creating lifesaving products needed throughout the world. For example,

- Children with Severe Combined Immune Deficiency ("Bubble Boy Disease") no longer have to live in a plastic bubble because now their immune systems can fight off germs, thanks to an orphan drug developed with these grant funds.
- Children with urea cycle disorders no longer slip into a coma and die because an orphan drug enables their bodies to eliminate toxic levels of ammonia;
- Babies born without ribs no longer suffocate in infancy because an artificial rib (orphan medical device) is being developed now with funds from the Orphan Products Research Grants Program that allows the children's lungs to expand and breathe;
- Narcolepsy, Cystic fibrosis, Crohn's disease, and multiple sclerosis drugs are on the market today only because these grants supported some of their clinical research.

#### *Conclusion*

Many diseases and conditions are simply too rare to attract private investment because the commercial sector is not interested in developing treatments for small markets. The investment necessary for research and development of new drugs and devices is too large in comparison to the size of the potential market for a rare disease. The FDA's Orphan Products Research Grants program enables scientists to develop the preliminary data necessary to show that a drug, biologic, device or food is safe and probably effective, making commercial development less risky. Only then will a company be interested in adopting the product and bringing it through the FDA approval process.

The National Institutes of Health (NIH) has catalogued 6,000 rare diseases, some of which are familiar ailments including Tourette Syndrome, Sickle Cell Anemia and Hemophilia. Yet there are thousands of other devastating rare diseases that are unfamiliar to the public and the medical community.

- Fibrodysplasia ossificans progressive (FOP) is a genetic disorder "in which the body transforms its muscles, tendons, and ligaments into bone." Patient population: 125.<sup>6</sup>
- Sturge-Weber Syndrome is a condition characterized by excessive blood vessel growth, accumulation of calcium in the brain and seizures. Patient population: less than ten thousand.
- Angelman Disease is characterized by severe mental retardation, prolonged inappropriate laughter, facial abnormalities, and impaired movement control. Patient population: approximately 700.<sup>7</sup>

For the patients affected by these and thousands of other rare diseases, the prospects for a cure or the discovery of a therapy to alleviate symptoms have been dim. Diagnosis takes from one to six years in 35 percent of the cases, and more than seven years in 15 percent.<sup>8</sup> Even when the cause of the disease is discovered, (e.g., a genetic defect, infectious agent, etc.), most pharmaceutical companies would be very hesitant to invest in development of a new treatment unless there is evidence from small clinical trials indicating that an experimental treatment will work. These small research grants from the FDA provide support for academic researchers and small companies so they can develop the evidence necessary to attract commercial sponsors.

The FDA's Orphan Products Research Grants Program is not new. It has a 21-year record of accomplishment, and it has already been responsible for the development of 29 life-saving orphan products that would not be on the market today if

<sup>5</sup>Haffner, et al.

<sup>6</sup>Maeder, Thomas. Adopting Orphan Diseases. Red Herring, January 16,2001, pp. 128-134.

<sup>7</sup>Maeder, p. 130.

<sup>8</sup>Report of the National Commission on Orphan Diseases, Publication Number HRP-090-7248, United States Government Printing Office, February, 1989.

this program had not existed. When Congress passed the Rare Diseases Orphan Product Development Act last year, it sent a strong signal to rare disease patients in every state of the union that it recognizes the critical importance of these research grants, it salutes the progress that the ODA has pioneered in the last two decades, and Congress implicitly intends to appropriate \$25 million to the FDA's Orphan Product Research Grants Program which represents only \$1 for every rare disease patient in the United States.

NORD, on behalf of the 25 million medically disenfranchised Americans and their families affected by rare "orphan" diseases, respectfully requests that the members of this Subcommittee appropriate no less than \$25 million to the FDA Orphan Products Research Grants Program for fiscal year 2004 and for each of the fiscal years 2005 through 2008, as provided for in the Rare Diseases Orphan Product Development Act. This funding will fill the void between government and the private sector, and propel new treatments forward from academic laboratories to patients' bedsides and ultimately to our local pharmacies. Your compassion and insight will put new orphan drugs and devices into the waiting hands of critically ill patients.

*About NORD*

NORD is a federation of approximately 130 voluntary health organizations and over 50,000 individual patients, healthcare providers and clinical researchers dedicated to helping the 25 million people in the United States affected by rare "orphan" diseases. NORD is committed to the identification, treatment, and cure of rare disorders through programs of education, advocacy, research and service. For additional information, please contact Diane E. Dorman, Vice President for Public Policy, in NORD's Washington Office at (202) 258-6457 or ddorman@rarediseases.org.

ATTACHMENT I—PUBLIC LAW 107-281

AN ACT To amend the Federal Food, Drug, and Cosmetic Act with respect to the development of products for rare diseases.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the "Rare Diseases Orphan Product Development Act of 2002".

**SEC. 2. FINDINGS AND PURPOSES.**

(a) FINDINGS.—Congress makes the following findings:

(1) Rare diseases and disorders are those which affect small patient populations, typically populations smaller than 200,000 individuals in the United States. Such diseases and conditions include Huntington's disease, amyotrophic lateral sclerosis (Lou Gehrig's disease), Tourette syndrome, Crohn's disease, cystic fibrosis, cystinosis, and Duchenne muscular dystrophy.

(2) For many years, the 25,000,000 Americans suffering from the over 6,000 rare diseases and disorders were denied access to effective medicines because prescription drug manufacturers could rarely make a profit from marketing drugs for such small groups of patients. The prescription drug industry did not adequately fund research into such treatments. Despite the urgent health need for these medicines, they came to be known as "orphan drugs" because no companies would commercialize them.

(3) During the 1970s, an organization called the National Organization for Rare Disorders (NORD) was founded to provide services and to lobby on behalf of patients with rare diseases and disorders. NORD was instrumental in pressing Congress for legislation to encourage the development of orphan drugs.

(4) The Orphan Drug Act created financial incentives for the research and production of such orphan drugs. New Federal programs at the National Institutes of Health and the Food and Drug Administration encouraged clinical research and commercial product development for products that target rare diseases. An Orphan Products Board was established to promote the development of drugs and devices for rare diseases or disorders.

(5) Before 1983, some 38 orphan drugs had been developed. Since the enactment of the Orphan Drug Act, more than 220 new orphan drugs have been approved and marketed in the United States and more than 800 additional drugs are in the research pipeline.

(6) Despite the tremendous success of the Orphan Drug Act, rare diseases and disorders deserve greater emphasis in the national biomedical research enterprise.

(7) The Food and Drug Administration supports small clinical trials through Orphan Products Research Grants. Such grants embody successful partnerships of government and industry, and have led to the development of at least 23 drugs and four medical devices for rare diseases and disorders. Yet the appropriations in fiscal year 2001 for such grants were less than in fiscal year 1995.

(b) PURPOSES.—The purpose of this Act is to increase the national investment in the development of diagnostics and treatments for patients with rare diseases and disorders.

**SEC. 3. FOOD AND DRUG ADMINISTRATION; GRANTS AND CONTRACTS FOR THE DEVELOPMENT OF ORPHAN DRUGS.**

Subsection (c) of section 5 of the Orphan Drug Act (21 U.S.C. 360ee(c)) is amended to read as follows:

“(c) For grants and contracts under subsection (a), there are authorized to be appropriated such sums as already have been appropriated for fiscal year 2002, and \$25,000,000 for each of the fiscal years 2003 through 2006.”.

**SEC. 4. TECHNICAL AMENDMENT.**

Section 527(a) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 360cc(a)) is amended in the matter following paragraph (2)—

(1) by striking “, of such certification,”; and

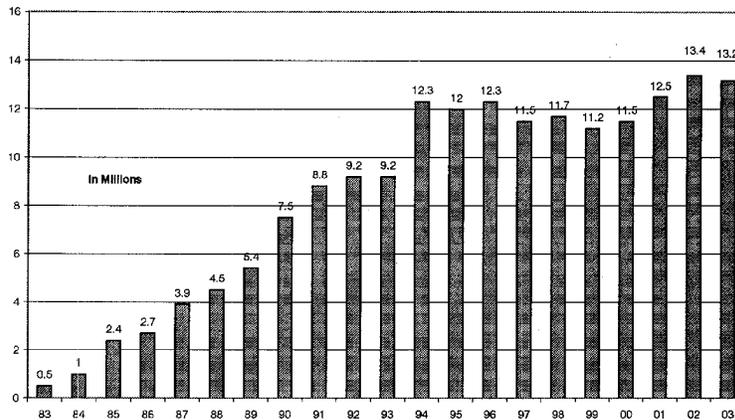
(2) by striking “, the issuance of the certification,”.

Passed the House of Representatives October 1, 2002.

Approved November 6, 2002.

ATTACHMENT II

Orphan Product Research Grant Program  
Food and Drug Administration  
Appropriations Request FY 2004



ATTACHMENT III

U.S. FOOD AND DRUG ADMINISTRATION GRANT SUPPORTED PRODUCTS WITH MARKETING APPROVAL

Product: 4-methylpyrazole (trade name Antizole); Fomepizole  
Indication: Ethylene Glycol and Methanol Poisoning  
Approval Date: 12/04/1997  
Institution: Orphan Medical, Inc.  
Investigator: Dr. Dayton Reardan

Product: Actimmune  
Indication: Osteopetrosis  
Approval Date: 02/11/2000

Institution: Medical University of South Carolina  
Investigator: Dr. Lester Key

Product: Auditory Brainstem Implant  
Indication: Bilateral deafness  
Approval Date: 10/24/00  
Institution: Cochlear Corp.  
Investigator: Dr. Steven J. Staller

Product: Anti-TNF (cA2) (trade name Remicade)  
Indication: Severe Crohns Disease  
Approval Date: 08/24/1998  
Institution: Centocor, Inc.  
Investigator: Dr. Richard McCloskey

Product: Baclofen Intrathecal (trade name Lioresal)  
Indication: Severe Spasticity  
Approval Date: 06/25/1992  
Institution: Rush-Presbyterian-St. Lukes' Medical Center  
Investigator: Dr. Richard Penn

Product: Betaine (trade name Cystadane)  
Indication: Homocystinuria  
Approval Date: 10/20/1996  
Institution: University of Virginia  
Investigator: Dr. William Wilson

Product: Busulfan IV  
Indication: Bone Marrow Ablation  
Approval Date: 02/04/1999  
Institution: UT MD Anderson Cancer Center  
Investigator: Dr. Borge Andersson

Product: Cladribine (trade name Leustatin)  
Indication: Mycosis fungoides and hairy cell leukemia  
Approval Date: 03/01/1993  
Institution: Scripps Research Institute  
Investigator: Dr. Ernest Beutler

Product: Clonidine (trade name Duraclon)  
Indication: Intractable pain in cancer patients  
Approval Date: 10/02/1996  
Institution: Wake Forest University  
Investigator: Dr. James Eisenach

Product: CroFab  
Indication: Crotalid snake bites  
Approval Date: 10/02/00  
Institution: Therapeutic Antibodies, Inc.  
Investigator: Dr. Richard C. Dart

Product: Cysteamine (trade name Cystagon)  
Indication: Nephropathic Cystinosis  
Approval Date: 08/15/1994  
Institution: University of California, San Diego  
Investigator: Dr. Jerry Schneider

Product: Ganciclovir Intravitreal (trade name Vitrasert)  
Indication: CMV Retinitis  
Approval Date: 03/04/1996  
Institution: University of Kentucky Research Foundation  
Investigator: Dr. Thomas Smith

Product: Glatiramer acetate (trade name Copaxone)  
Indication: Relapsing remitting multiple sclerosis  
Approval Date: 12/20/1996  
Institution: Lemmon Company  
Investigator: Dr. Yafith Stark

Product: Histrelin Acetate (trade name Supprelin)  
Indication: Central precocious puberty  
Approval Date: 12/24/1991  
Institution: Massachusetts General Hospital  
Investigator: Dr. Paul Boepple

Product: In-Exsufflator (trade name Cofflator)  
Indication: Assist Ventilator dependent patients  
Approval Date: 02/01/1993  
Institution: University of Medicine and Dentistry of N.J.  
Investigator: Dr. John Bach

Product: Iobenguane sulfate I-131  
Indication: Localization of Pheochromocytoma  
Approval Date: 03/24/1994  
Institution: University of Michigan  
Investigator: Dr. Brahm Shapiro

Product: Levocarnitine (trade name Carnitor)  
Indication: Primary and Secondary Carnitine Deficiency of Genetic Origin  
Approval Date: 12/16/1992  
Institution: Duke University  
Investigator: Dr. Charles Roe

Product: Nafarelin Acetate Intranasal (trade name Synarel)  
Indication: Central Precocious Puberty  
Approval Date: 02/06/1992  
Institution: Baylor College of Medicine  
Investigator: Dr. John Kirkland

Product: Neurostimulator implantable electrodes  
Indication: Quadra-paraplegia with loss of hand function  
Approval Date: 08/18/1997  
Institution: Case Western Reserve University  
Investigator: Dr. Paul Peckham

Product: Nitisinone (trade name Orfadin)  
Indication: Treatment of tyrosinemia type 1.  
Approval Date: 01/18/2002  
Institution: Swedish Orphan AB  
Investigator: Dr. Ronald Leonardi

Product: Pegademase (trade name Adagen)  
Indication: ADA replacement in Severe Combined Immunogenicity Disease  
Approval Date: 03/21/1990  
Institution: Enzon, Inc.  
Investigator: Dr. Abraham Abuchowski

Product: Pulmonary angioscope  
Indication: Visualization of pulmonary emboli  
Approval Date: 01/31/1989  
Institution: Regents of the University of California  
Investigator: Dr. Deborah Shure

Product: Sodium phenylbutyrate  
Indication: Urea cycle disorders  
Approval Date: 04/30/1996  
Institution: Johns Hopkins University  
Investigator: Dr. Saul Brusilow

Product: Succimer (trade name Chemet)  
Indication: Lead Poisoning in Children  
Approval Date: 01/30/1991  
Institution: The Kennedy Institute  
Investigator: Dr. J. Julian Chisolm

Product: Sucrase enzyme  
Indication: Sucrase-isomaltase deficiency  
Approval Date: 04/09/1998  
Institution: Hartford Hospital  
Investigator: Dr. Jeffrey Hyams

Product: Tobramycin for inhalation (trade name Tobi)  
Indication: Management of CF patients with Pseudomonas Aeruginosa  
Approval Date: 12/22/1997  
Institution: Pathogenesis Corporation  
Investigator: Dr. Alan Montgomery

Product: Tretinoin (trade name Vesanoid)  
Indication: Acute Promyelocytic Leukemia

Approval Date: 11/22/1995  
 Institution: Memorial Hospital for Cancer and Allied Diseases  
 Investigator: Dr. Raymond Warrell, Jr.

Product: Zinc Acetate (trade name Galzin)  
 Indication: Wilson's Disease  
 Approval Date: 01/28/1997  
 Institution: University of Michigan  
 Investigator: Dr. George Brewer

Product: Gamma-hydroxybutyrate  
 Indication: Narcolepsy  
 Approval Date: 07/17/02  
 Institution: University of Arkansas for Medical Sciences  
 Investigator: Lawrence Scrima, Ph.D.

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PREPARED STATEMENT OF THE NATIONAL POTATO COUNCIL

My name is Dwight Horsch. I am a potato farmer from Idaho and current Vice President, Legislative/Government Affairs for the National Potato Council (NPC). On behalf of the NPC, we thank you for your attention to the needs of our potato growers.

The NPC is the only trade association representing commercial growers in 50 states. Our growers produce both seed potatoes and potatoes for consumption in a variety of forms. Annual production in 2001 was 444,766,000 cwt. with a farm value of \$2.9 billion. Total value is substantially increased through processing. The potato crop clearly has a positive impact on the U.S. economy.

The potato is the most popular of all vegetables grown and consumed in the United States and one of the most popular in the world. Annual per capita consumption was 138.7 pounds in 2000, up from 104 pounds in 1962 and is increasing due to the advent of new products and heightened public awareness of the potato's excellent nutritional value. Potatoes are considered a stable consumer commodity and an integral, delicious component of the American diet.

The NPC's fiscal year 2004 appropriations priorities are as follows:

*Cooperative State Research Education and Extension Service (CSREES)*

*Potato Special Grant Program.*—The NPC urges that the \$1.75 million be appropriated for fiscal year 2004. The House recommended \$1.6 million for fiscal year 2003, however only \$1.584 million was included in the final bill. This has been a highly successful program and the number of funding requests from various potato-producing regions is increasing.

The NPC also urges that the Congress, once again, include Committee report language as follows:

*"Potato research.*—The Committee expects the Department to ensure that funds provided to CSREES for potato research are utilized for varietal development testing. Further, these funds are to be awarded competitively after review by the Potato Industry Working Group."

*Agricultural Research Service (ARS)*

The NPC urges that the Congress once again add Committee report language urging the ARS to work with the NPC on how overall research funds can best be utilized for grower priorities.

The NPC urges that the Congress maintain all increases for potato research provided in fiscal year 2001, 2002 and 2003 that have been proposed for deletion or redirection in the Administration's fiscal year 2004 budget request.

*Prosser, Washington.*—Appropriate \$250,000 for exotic diseases including late blight and PVYN on potatoes. The Congress appropriated \$200,000 in fiscal year 2003 for this activity. The funds appropriated in fiscal year 2001 should remain and continue to be used for breeding for resistant potato varieties and not be diverted to new areas of research.

*Grand Forks and East Grand Forks.*—Appropriate \$350,000 for a new scientist to be located at the Potato Research worksite in East Grand Forks, Minnesota. The scientist would address the effects of postharvest storage and treatments on potato market quality and value-added traits. Since over 70 percent of the U.S. fall potato crop is placed into storage for year around sale, this research will benefit potato growers throughout the country.

*Fort Collins, Colorado.*—Appropriate \$200,000 for the Soil, Plant, and Nutrient Research Program at Fort Collins to conduct research to enhance water and soil

quality with precision conservation farming. The Congress provided \$100,000 in fiscal year 2003.

*Beltsville, Maryland.*—Improving the nutritional value of potatoes is a high priority of the NPC. Research should also be initiated at the Beltsville Vegetable Laboratory that combines traditional breeding and plant biotechnology to increase the nutritional value of the potato and add value to the crop. The nutrition research currently underway in the Beltsville potato breeding program relates to the development of potato tubers with anti-cancer properties (high lutein/carotene) and a product to help alleviate osteoporosis (high available tuber calcium). Approximately \$150,000 is currently devoted to this newly developing field. The NPC urges that \$300,000 be appropriated in fiscal year 2004 for this important research effort.

*Plant Protection and Quarantine Service (APHIS-USDA).*—The NPC urges that the Congress appropriate \$971,000 for the Golden Nematode Quarantine Program as requested in the Administration's budget request. The National Potato Council also supports the budget request of \$27 million for pest detection and at least \$12 million for trade issues resolution and management. As new trade agreements are negotiated, the agency must have the necessary staff and technology to detect and to deal with the threat of pests and diseases. The NPC relies heavily on APHIS-PPQ resources to resolve phytosanitary trade barriers.

*National Agricultural Statistics Service (NASS).*—Appropriate the \$4.8 million in the Administration's budget request for core programs of NASS and ensure that the potato grade and quality survey program is continued.

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PREPARED STATEMENT OF THE NATIONAL RURAL TELECOM ASSOCIATION

SUMMARY OF TESTIMONY REQUESTS

*Project involved.*—Telecommunications lending programs administered by the Rural Utilities Service of the U.S. Department of Agriculture

Actions proposed:

- Supporting loan levels for fiscal year 2004 in the same amounts as those contained in the fiscal year 2003 Agriculture Appropriations Act for cost-of-money, Rural Telephone Bank and guaranteed loan programs and the associated subsidy to fund those programs at the existing level. Supporting loans in the hardship program at the level requested in the budget. Opposing the budget recommendation to not fund new Rural Telephone Bank loans in fiscal year 2004.
- Supporting continued funding, as requested in the President's budget, in the amount of \$25 million in loan and grant authority designated for distance learning and telemedicine purposes and \$2 million in grants for broadband facilities and internet access in rural areas.
- Opposing the budget request seeking to cancel the \$20 million in mandatory funding provided in last year's farm act for direct loans for broadband deployment and replacing it with discretionary funding authority amounting to less than half that amount in fiscal year 2004. Seeking language to clarify that all rural communities under 20,000 population will qualify for loans in fiscal year 2004 under the new broadband loan program consistent with the existing eligibility criteria for the distance learning, telemedicine and pilot broadband programs.
- Supporting continuation of the restriction on retirement of Rural Telephone Bank Class A stock at the level contained in the fiscal year 2003 Agriculture Appropriations Act and an extension of the prohibition against the transfer of Rural Telephone Bank funds to the general fund. Opposing the proposal contained in the budget to transfer funds from the unobligated balances of the liquidating account of the Rural Telephone Bank for the bank's administrative expenses.

Mr. Chairman, Members of the Committee: My name is John F. O'Neal. I am General Counsel of the National Rural Telecom Association. NRTA is comprised of commercial telephone companies that borrow their capital needs from the Rural Utilities Service of the U.S. Department of Agriculture (RUS) to furnish and improve telephone service in rural areas. Approximately 1000, or 71 percent of the nation's local telephone systems borrow from RUS. About three-fourths of these are commercial telephone companies. RUS borrowers serve almost 6 million subscribers in 46 states and employ over 22,000 people. In accepting loan funds, borrowers assume an obligation under the act to serve the widest practical number of rural users within their service area.

## PROGRAM BACKGROUND

Rural telephone systems have an ongoing need for long-term, fixed rate capital at affordable interest rates. Since 1949, that capital has been provided through telecommunications lending programs administered by the Rural Utilities Service and its predecessor, the Rural Electrification Agency (REA).

RUS loans are made exclusively for capital improvements and loan funds are segregated from borrower operating revenues. Loans are not made to fund operating revenues or profits of the borrower system. There is a proscription in the Act against loans duplicating existing facilities that provide adequate service and state authority to regulate telephone service is expressly preserved under the Rural Electrification Act.

Rural telephone systems operate at a severe geographical handicap when compared with other telephone companies. While almost 6 million rural telephone subscribers receive telephone service from RUS borrower systems, they account for only four percent of total U.S. subscribers. On the other hand, borrower service territories total 37 percent of the land area—nearly 1.5 million square miles. RUS borrowers average about six subscribers per mile of telephone line and have an average of more than 1,000 route miles of lines in their systems.

Because of low-density and the inherent high cost of serving these areas, Congress made long-term, fixed rate loans available at reasonable rates of interest to assure that rural telephone subscribers, the ultimate beneficiaries of these programs, have comparable telephone service with their urban counterparts at affordable subscriber rates. This principle is especially valid today as the United States endeavors to deploy broadband technology and as customers and regulators constantly demand improved and enhanced services. At the same time, the underlying statutory authority governing the current program has undergone significant change. In 1993, telecommunications lending was refocused toward facilities modernization. Much of the subsidy cost has been eliminated from the program. In fact, most telecommunications lending programs now generate revenue for the government. The subsidy that remains has been targeted to the highest cost, lowest density systems in accordance with this administration's stated objectives.

We are proud to state once again for the record that there has never been a default in the RUS/REA telephone program! All loans have been repaid in accordance with their terms, almost \$11 billion in principal and interest at the end of the last fiscal year.

## NEED FOR RUS TELECOMMUNICATIONS LENDING CONTINUES

The need for rural telecommunications lending is great today, possibly even greater than in the past. Technological advances make it imperative that rural telephone companies upgrade their systems to keep pace with improvements and provide the latest available technology to their subscribers. And last year, Congress established a national policy initiative mandating access to broadband for rural areas. But rapid technological changes and the inherently higher costs to serve rural areas have not abated, and targeted support remains essential.

Competition among telephone systems and other technological platforms has increased pressures to shift more costs onto rural ratepayers. These shifts led to increases in both interstate subscriber line charges and universal service surcharges on end users to recover the costs of interstate providers' assessments to fund the Federal mechanisms. Pressures to recover more of the higher costs of rural service from rural customers to compete in urban markets will further burden rural consumers. There is a growing funding crisis for the statutory safeguards adopted in 1996 to ensure that rates, services and network development in rural America will be reasonably comparable to urban telecommunications opportunities.

The FCC and the states have yet to honor the balance Congress achieved in the 1996 policy, as regulators (a) radically revise the mechanisms for preserving and advancing universal service, (b) interpret the Act's different urban and rural rules for how incumbent universal service providers and their competitors connect their networks and compensate each other (c) respond to pressures to deregulate. Regulators continue to give new entrants advantages at the expense of statutory universal service provisions. The FCC appears to remain committed to further extending its wholly inadequate way to measure the costs of modern, nationwide access to telecommunications and information. The FCC needs to reorder its priorities to ensure that rural Americans are not denied the ongoing network development and new services the Act requires.

## EXPANDED CONGRESSIONAL MANDATES FOR RURAL TELECOMMUNICATIONS

Considerable loan demand is being generated because of additional mandates for enhanced rural telecommunications standards contained in the authorizing legislation. We are, therefore, recommending the following loan levels for fiscal year 2004 and the appropriation of the associated subsidy costs to support these levels: 5 percent Hardship Loans:

[In dollars]

5 percent Hardship Loans .....	\$145,000,000
Cost-of-Money Loans .....	300,000,000
Guaranteed Loans .....	120,000,000
Rural Telephone Bank Loans .....	175,000,000
Total .....	740,000,000

These are essentially the same levels established in the fiscal year 2003 appropriations act for the cost-of-money, Rural Telephone Bank and guaranteed loan programs and the same amount for hardship loans as requested in the President's budget for fiscal year 2004. The authorized levels of loans in all programs were fully obligated in fiscal year 2002 and we expect these levels to be met in fiscal year 2003. We believe that the needs of this program balanced with the minimal cost to the taxpayer make the case for its continuation at the stated levels.

## RURAL TELEPHONE BANK LOANS

The administration again proposes to not fund new Rural Telephone Bank (RTB) loans in fiscal year 2004.

The Rural Telephone Bank was established by Congress in 1971 to provide supplemental financing for rural telephone systems with the objective that the bank ultimately would be owned and operated by its private shareholders. Privatization of the RTB began in 1995 under the current law and the retirement of Class A government stock is proceeding annually at the rate of approximately \$25 million per year. The Bank has now retired about 27 percent, of the government's \$592 million investment. As we pointed out in our testimony last year, not funding new loans in the next fiscal year could actually impede privatization of the Bank since the law requires that the Bank annually retire government stock at the rate of at least 5 percent of the amount of Class B stock sold in connection with new loans. If no new loans were made, there would be no minimum requirement for retirement of additional government stock.

The current loan level of \$175 million has remained the same for many years. As a matter of fact, after factoring in the eroding effect of inflation, loan levels over the years have actually been reduced systematically. Despite this fact, we believe that the \$175 million level is adequate to meet current program needs and strikes a cost effective balance for the taxpayer. If no bank loans were made in fiscal year 2004, the budgetary outlay savings would be minimal because RTB loans are funded over a multi-year period. Moreover, if administration interest rate predictions are accurate, RTB loans will generate a profit for the government because of the minimum statutory interest rate of 5 percent.

## BROADBAND LOANS UNDER THE 2002 FARM ACT (PUBLIC LAW 101-171)

The administration is recommending that the mandatory funding of loans for the deployment of broadband technology in rural areas provided in last year's farm act in the amount of \$20 million (new section 601(j)(1)(A) of the Rural Electrification Act of 1936) be cancelled in fiscal year 2004 and is suggesting a general provision in the fiscal year 2004 appropriations bill (Sec. 722(a)) to accomplish this. In its place the budget requests less than half that amount, \$9.1 million in new discretionary authority for these purposes. We are opposed to this dramatic reduction in the commitment made by Congress last year to rural areas for the deployment of broadband technology. The farm act program has been implemented by RUS and loans are being made in this fiscal year pursuant to the new authority. Disrupting the multi-year authority in the fashion recommended by the administration would create uncertainty to prospective borrowers under the new program and undermine Congress' efforts to accelerate deployment of this technology to our rural citizens.

In addition, we are seeking clarifying language in the bill to assure that all communities in the United States under 20,000 population will qualify for broadband loans in fiscal year 2004. The enabling act eligibility provision (new section 601 of Title VI of the Rural Electrification Act of 1936) is technically defective as enacted

and is causing substantial unintended consequences by excluding otherwise eligible rural areas from the program. Subsection (B) excludes from program eligibility any area that "is not located in an area designated as a standard metropolitan statistical area" even though its population is less than 20,000 (the criteria under Subsection (A)). The Bureau of the Census has not recognized "standard metropolitan statistical areas" since before 1990. This restriction could exclude up to 40 percent of otherwise eligible rural communities from this new program if not corrected, effectively undermining Congress' efforts to accelerate deployment of broadband technology in rural areas.

#### SPECIFIC ADDITIONAL REQUESTS

##### *Continue the Restriction on Retirement of Class A Government Stock in the Rural Telephone Bank (RTB) and also Continue the Prohibition Against Transfer of RTB Funds to the General Fund and Require the Payment of Interest*

The Committee should continue the restriction on retirement of the amount of class A stock by the Rural Telephone Bank in fiscal year 2004. The Bank is currently in the process of retiring the government's stock as required under current law. We believe that this process which began in fiscal year 1996 should continue to be an orderly one as contemplated by the retirement schedule enacted seven years ago and continued through last year's bill to retire no more than 5 percent of the total class A stock in one year. The Rural Telephone Bank board last year commissioned a private firm to perform a privatization study. This study has just been completed and its recommendations are currently being evaluated by the administration, RTB board, RTB shareholders and interested members of the public. After that review is complete, both Congress and the rural telephone industry will be in a better position to evaluate the appropriate level of retirement of the government's Class A stock in the future. In the meantime, we urge the Committee to continue the current restriction as well as the prohibition against the transfer of any unobligated balance in the bank's liquidating account which is in excess of current requirements to the general fund of the Treasury along with the requirement that the bank receive interest on those funds. The private Class B and C stockholders of the Rural Telephone Bank have a vested ownership interest in the assets of the bank including its funds and their rights should be protected. Previous appropriations acts (Fiscal Year 1997 through 2003) have recognized the ownership rights of the private class B and C stockholders of the bank by prohibiting a similar transfer of the bank's excess unobligated balances which otherwise would have been required under the Federal credit reform act.

##### *Reject Budget Proposal to Transfer Funds from RTB Liquidating Account for Administrative Costs*

The President's budget proposes that the bank assume responsibility for its administrative costs by a transfer of funds from the unobligated balances of the bank's liquidating account rather than through an appropriation from the general fund of the Treasury. This recommendation is contrary to the specific language of Sec. 403(b) of the RTB enabling act and would require enactment of new authorizing legislation as a prerequisite to an appropriation. It would not result in budgetary savings and has been specifically rejected by this Committee in previous years. No new justification is contained in this year's budget and once again we request its rejection.

Loans and Grants for Telemedicine, Distance Learning and Internet Access. We support the continuation in fiscal year 2004 of the \$25 million in loan and grant authority provided in the President's budget for telemedicine and distance learning purposes. Loans are made at the government's cost-of-money. The purpose is to accelerate deployment of telemedicine and distance learning technologies in rural areas through the use of telecommunications, computer networks, and related advanced technologies by students, teachers, medical professionals, and rural residents. We also support making available \$2 million in additional funds available for grants for broadband facilities and internet access in rural areas, as recommended in this year's budget.

#### CONCLUSION

Thank you for the opportunity to present the association's views concerning this vital program. The telecommunications lending programs of RUS continue to work effectively and accomplish the objectives established by Congress at a minimal cost to the taxpayer.

PREPARED STATEMENT OF THE NATIONAL TELECOMMUNICATIONS COOPERATIVE  
ASSOCIATION

SUMMARY

NTCA makes the following fiscal year 2004 funding recommendations with regard to the Rural Utilities Service Telecommunications Loan Program and related programs.

- Support the provisions of the president's budget proposal calling for the required subsidy to fully fund the RUS Telecommunications Loan Program's Hardship Account at a \$145 million level, Cost of Money Account at a \$250 million level, and the Guaranteed Account at a \$100 million level.
- Reject the provisions of the president's budget proposal calling for zero funding for the Rural Telephone Bank (RTB). Instead, provide the required subsidy to fully fund the bank at last fiscal year's \$175 million level.
- Reject the provisions of the president's budget proposal calling for funding the Rural Broadband Access Loan and Loan Guarantee Program to be funded through discretionary funding and instead funded at a level consistent with authorizing language.
- Repeal existing language prohibiting the use of loans to serve communities located in metropolitan statistical areas (MSA's).
- Support an extension of language that temporarily sets aside the 7 percent interest rate cap on loans made through the RUS Cost of Money fund.
- Support an extension of the language limiting the maximum amount of Rural Telephone Bank Class A stock that may be retired in fiscal year 2004.
- Support an extension of the restriction against RTB Liquidating Account funds from being transferred into the general Treasury.
- Support an extension of language prohibiting the expenditure of RTB Liquidating Account funds to provide for the subsidy or operational expenses of the bank.
- Support full funding of the Distance Learning and Telemedicine Grant and Loan Program.
- Support for funding of the Rural Business-Cooperative Service Grant and Loan Program.

*Background*

NTCA is a national association representing more than 560 small, rural, cooperative and commercial, community-based local exchange carriers (LECS) located throughout the nation. These locally owned and operated LECS provide local exchange service to more than 2.5 million rural Americans. While serving close to 40 percent of the geographic United States, NTCA members serve only 4 percent of the country's access lines. Since the creation of the RUS Telecommunications Loan Program, more than 80 percent of NTCA's member systems have been able to utilize the Federal program to one degree or another.

NTCA's members, like most of the country's independent LECS, evolved to serve high-cost rural areas of the nation that were overlooked by the industry's giants as unprofitable. On average, NTCA members have approximately 6 subscribers per mile of infrastructure line, compared with 130 for the larger urban-oriented LECs. This results in an average plant investment per subscriber that is 38 percent higher for NTCA members compared to most other systems.

Congress recognized the unique financing dilemma confronting America's small rural LECS as early as 1949, when Congress amended the Rural Electrification Act (REA) to create the Rural Electrification Administration Telephone Loan Program. Today, this program is known as the RUS Telecommunications Loan Program. Through the years Congress has periodically amended the REA to ensure that original mission—to furnish and improve rural telephone service—was met. In 1971, the Rural Telephone Bank (RTB) was created to as a supplemental source of direct loan financing. In 1973, the RUS was provided with the ability to guarantee Federal Financing Bank (FFB) and private lender notes. In 1993, Congress established a fourth lending program—the Treasury Cost of Money account. In 2002, Congress again met the changing demands of the telecommunications industry with the establishment of the Rural Broadband Access Loan and Loan Guarantee Program.

RUS HELPS MEET INFRASTRUCTURE DEMANDS

While the RUS has helped the subscribers of NTCA's member systems receive service that is comparable or superior to that available anywhere in the nation, their work is far from complete. As the Telecommunications Act of 1996 and other Federal policies continue to evolve, and as policymakers and the public alike con-

tinue to clamor for the deployment of advanced telecommunications services, the high costs associated with providing modern telecommunications services in rural areas will not diminish.

RUS telecommunications lending has stimulated billions of dollars in private capital investment in rural communications infrastructure. In recent years, on average, less than \$13 million in Federal subsidy has effectively generated \$670 million in Federal loans and guarantees. For every \$1 Federal funds that was invested in rural communications infrastructure, \$4.50 in private funds was invested. The RUS is also making a difference in rural schools, libraries, and hospitals. Since 1993, the RUS Distance and Learning Telemedicine Grant program has funded hundreds of projects throughout the nation of interactive technology in rural schools, libraries, hospitals, and health clinics.

In addition, two other RUS-related programs are making a difference in rural America. Formerly known as the Zero Interest Loan and Grant Program, the Rural Economic Development Grants Programs, and the Rural Economic Development Loans Programs are now managed by the Rural Business Cooperative Service. The two programs provide funds for the purpose of promoting rural economic development and job creation projects, including for feasibility studies, start-up costs, incubator projects and other expenses tied to rural development.

NTCA'S FISCAL YEAR 2004 APPROPRIATIONS RECOMMENDATIONS

*Fully Fund The Entire RUS Telecommunications Loan Program*

It is imperative that the entire RUS Telecommunications Loan Program be funded at the following levels:

(In dollars)

Hardship Account .....	145,000,000
Cost of Money/Treasury Account .....	250,000,000
Guaranteed Account .....	100,000,000
Rural Telephone Bank Account .....	175,000,000

Included in the Farm Bill (Public Law 107—171) was authorization of the Rural Broadband Access Loan and Loan Guarantee program. Built upon a record of strong demand during its pilot status, congressional language was explicit in its intent to assist in broadband deployment in the smallest and most rural communities in the United States. Earlier this year, USDA and RUS officials unveiled the regulations and were able make available \$1.4 billion in loans (fiscal year 2002 and 2003 funds). Such level of funding must be maintained to meet the continually growing needs of advanced telecommunications services across the United States.

Additionally, to support the operations of the RUS, it is critical that Congress provide at least \$41.562 million in administrative appropriations the president's budget proposal envisions.

*Reject the President's Proposal To Provide Zero RTB Funding*

The president's budget contains a proposal recommending the Rural Telephone Bank should not be funded in fiscal year 2004. In presenting last year's budget, the administration stated that the RTB had outgrown its need and usefulness. NTCA adamantly disagrees as the demand for advanced telecommunications services continues to grow and our members continue to meet this demand. To this end, we believe the president's decision to zero out funding for the RTB is without merit.

Privatization of the RTB is moving at pace mandated by Congress. As this occurs, NTCA wants to ensure the financial stability of the future Bank with minimal amount of risk for borrowers, shareholders and taxpayers. This transition to a private entity will require legislative changes to the Rural Electrification Act. NTCA believes this should occur with minimal disruptions to existing capital markets. In light of this fact, as well Congress' decision to reject the president's previous proposal to zero out RTB funding, we urge Congress to again reject this ill-conceived proposal and instead fully fund the bank at its regular \$175 million annual level.

*Reject the President's Proposal to fund the Rural Broadband Access Loan and Loan Guarantee Program through discretionary funding*

Acting on the tremendous demand for advanced rural telecommunications, the Congress authorized the Rural Broadband program as part of the 2002 Farm Bill and provided for \$100 million for the program until 2007. The mandate from Congress was to provide loans to the most underserved areas of rural America. With the proven demand of the program established during its pilot status, NTCA believes the President's budget request to cancel the \$20 million in mandatory fund-

ing, and instead fund through discretionary spending, should be rejected and the Rural Broadband Access Loan and Loan Guarantee Program should be funded consistent with congressional authorization.

*Repeal language prohibiting communities included in Metropolitan Statistical Areas from eligibility under the Rural Broadband Access Loan and Loan Guarantee Program*

Under the existing language, communities under 20,000 that are located in a Metropolitan Statistical Areas are ineligible for loans under the Rural Broadband Access Loan and Loan Guarantee Program. The intent of the authorizing language was to ensure only rural communities would benefit by the Rural Broadband Access Loan and Loan Guarantee Program. Unfortunately, this language has excluded thousands of unserved communities that would otherwise be eligible. This provision should be repealed and program language be brought in tune with population limits of other Rural Development programs.

*Extend Removal Of the Interest Rate Cap On Treasury-Rate Loans*

NTCA is also requesting that Congress again include language removing the 7 percent interest rate cap on Treasury-rate loans. This provision has been included in recent appropriations measures to prevent the potential disruption of the program in the case where interest rates exceed 7 percent and insufficient subsidy cannot support authorized lending levels.

*Extend existing language limiting the retirement of Class A stock in the Rural Telephone Bank*

The Rural Utilities Service is currently undergoing extensive evaluation of the privatization issue. With the recent completion of the private contractor's privatization study, the recommendations and fiscal implications of the report are currently being examined by the RTB Board and interested stakeholders. As the future structure of the RTB is still currently under examination, NTCA believes existing language limiting the amount of stock to be retired at 5 percent should be continued.

*Prohibit The Transfer Of Unobligated RTB Liquidating Account Balances*

NTCA also recommends that Congress continue the prohibition against the transfer of any unobligated balances of the Rural Telephone Bank liquidating account to the general fund of the Treasury. This language has routinely been included in annual appropriations measures since the enactment of the Federal Credit Reform Act (FCRA, Public Law 101-508) that allows such transfers to potentially occur. Re-statement of this language will ensure that the RTB's private class B & class C stockholders are not stripped of the value of their statutorily mandated investment in the Bank.

*Prohibit RTB From Self Funding Subsidy and Administrative Costs*

NTCA urges Congress to maintain its prohibition against unobligated RTB Liquidating Account Balances being used to cover the bank's administrative and operational expenses for the following reasons: (1) such action would require amending the REA, (2) the proposal appears to be in conflict with the intent of the FCRA, (3) the proposal will not result in Federal budgetary savings, (4) it is unnecessary to the determination of whether the bank could operate independently, and thus would amount to wasting the resources of the bank which could be put to better use upon its complete privatization.

*Continue Distance Learning and Telemedicine Loan and Grant Program*

The RUS Distance Learning and Telemedicine Loan and Grant program has proven to be an indispensable tool for rural development. In this regard NTCA urges Congress to provide adequate funding for this critical program. NTCA supports the recommendations for this program that are contained in the president's budget proposal.

*Preserve RBCS Rural Development Grant and Loan Programs*

Likewise, NTCA has witnessed the good these programs have done for rural communities. NTCA urges Congress to ensure adequate funding is at levels that are adequate to meet current demand for the programs.

CONCLUSION

The RUS Telecommunications Loan Program bears a proud record of commitment, service and achievement to rural America. Never in its entire history has the program lost a dollar to abuse or default—unparalleled feat for any government-sponsored lending program. Clearly such a successful program should remain in place to

continue ensuring rural Americans have the opportunity to play a leading role in the information age in which we live. After all, an operational and advanced rural segment of the nation's telecommunications infrastructure is critical to truly ensuring that the national objective of universal telecommunications service is fulfilled. We look forward to working with you to accomplish this objective.

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PREPARED STATEMENT OF THE NATIONAL TURFGRASS EVALUATION PROGRAM

Mr. Chairman and Members of the Subcommittee: On behalf of the National Turfgrass Evaluation Program (NTEP), I appreciate this opportunity to provide the Subcommittee with the turfgrass industry's perspective in support of continuation of the \$55,000 appropriation for the National Turfgrass Evaluation Program (NTEP) included in the President's fiscal year 2004 budget request for the Agricultural Research Service (ARS). Also, I appreciate the opportunity to present to you the turfgrass industry's need and justification for continuation of the \$490,000 appropriated in the fiscal year 2003 budget for the full-time turfgrass scientist position within ARS. In addition, I appreciate the consideration of an additional appropriation of \$5,400,000 for the first installment on the \$32.4 million National Turfgrass Research Initiative developed by ARS and the turfgrass industry, with twelve new research scientist positions.

*Justification of \$55,000 Appropriation Request for Program Support.*

Once again, NTEP and the turfgrass industry come to the appropriations process to request continuation of the \$55,000 basic program support in the ARS budget for NTEP's activities at Beltsville. We appreciate the Subcommittee's continuation of this amount as in previous fiscal years, and hope that you will agree with us that this request is justified for the ensuing fiscal year.

The National Turfgrass Evaluation Program (NTEP) is unique in that it provides a working partnership that links the Federal Government, turfgrass industry and land grant universities together in their common interest of turfgrass cultivar development, improvement and evaluation. The National Turfgrass Evaluation Program is the primary means by which cultivated varieties of turfgrass are evaluated in this country. It provides unbiased information on turfgrass cultivar adaptations, disease and insect resistance and environmental stress tolerance. The public and private sectors of the turfgrass industry use this information to develop cultivar recommendations for home owners, sod producers, sports turf and parks managers, golf course superintendents and highway vegetation managers.

Our nation's awareness of safety is at an all-time high. Turfgrass provides multiple benefits to society including child safety on athletic fields, environmental protection of groundwater, reduction of silt and other contaminants in runoff, green space in home lawns, parks, golf courses, etc. With the advancements being made to turfgrasses that require less pesticides, water and other inputs as well as other efforts to improve integrated pest management programs, recycling, etc., the USDA has a unique opportunity to take positive action in support of the turfgrass industry. With a minuscule investment of Department funds, in relative terms within USDA's budget, a tremendous return can be gained for society and the turfgrass industry.

While the vast majority of the USDA's funds have been and will continue to be directed toward traditional "food and fiber" segments of U.S. agriculture, it is important to note that turfgrasses (e.g., sod production) are defined as agriculture in the Farm Bill and by many other departments and agencies. Further, it is estimated by the Economic Research Service that the turfgrass industry, in all its forms, is a \$40 billion industry. It should also be noted that the turfgrass industry is the fastest growing segment of U.S. agriculture, while it receives essentially no Federal support. There are no subsidy programs for turfgrass, nor are any desired.

For the past seventy years, the USDA's support for the turfgrass industry has been modest at best. The turfgrass industry's rapid growth, importance to our urban environments, and impact on our daily lives warrant more commitment and support from USDA. Failing to support the National Turfgrass Evaluation Program, would be a tremendous oversight of a major opportunity. USDA's support of NTEP at the \$55,000 level does not cover all costs. In fact, NTEP represents an ideal partnership of the public and private sectors in terms of program cost sharing. The NTEP relies most heavily on turfgrass industry (i.e., public sectors, end-users) support. However, it is essential that the USDA maintain its modest financial support and work closely with NTEP. The turfgrass industry relies heavily on NTEP for unbiased information. Discounting this support will also eliminate a highly reliable and credible level of objectivity that is associated with the NTEP program.

*Justification of \$490,000 Appropriation Request for the ARS Scientist Position as well as \$5,400,000 Appropriation Request for the first installment on the National Turfgrass Research Initiative*

NTEP and the turfgrass industry are requesting the Subcommittee's support for \$490,000 continuing funding for the full-time scientist staff position at ARS, focusing on turfgrass research, that was appropriated in the fiscal year 2003 budget. We also request that the Subcommittee appropriate an additional \$5,400,000 for the first installment on the \$32.4 million National Turfgrass Research Initiative. This Initiative has been developed by USDA, ARS in partnership with the turfgrass industry. We are asking for funding for the most pressing research needs, which address water use/efficiency and environmental issues.

Our society is becoming increasingly more urbanized. Currently, turfgrasses impact more than 90 percent of all people in the United States through exposure to home lawns, business landscapes, roadsides, parks, or recreational turf on a daily basis. As more and more cropland is converted to houses, office parks, shopping centers, etc., the acreage of turfgrass is increasing exponentially. However, with the increasing urbanization comes a greater demand on resources, such as potable water. Also, with the general public experiencing heightened awareness of the environment and its protection, use of inputs such as fertilizer, pesticides and water on turfgrass areas is coming under greater scrutiny. In some jurisdictions, use of these inputs will either be banned or severely restricted for turfgrass use. In addition, the urbanization of America is leading to an overuse of current recreational facilities such as parks, athletic fields and golf courses. New facilities are being considered or constructed, many on abandoned sites such as landfills, industrial wastelands, gravel pits or mine spoils. Turfgrasses in these areas will play an important role in reclamation vegetation, recreational turf or both.

The USDA needs to initiate and maintain ongoing research on turfgrass development and improvement for the following reasons:

The value of the turfgrass industry in the United States is \$40 billion annually. There are an estimated 50,000,000 acres of turfgrass in the United States. Turfgrass is the number one or two agricultural crop in value and acreage in many States (i.e. MD, PA, FL, NJ, NC).

As our society becomes and more urbanized, the acreage of turfgrass will increase significantly. Consequently, State and local municipalities will require the utilization of other water sources (i.e. effluent, reclaimed, etc.), reduction of pesticide use and elimination of nutrient runoff from turfgrass. However, demand on recreational facilities will increase while these facilities, for safety reasons, will still be required to provide safe, attractive athletic fields, parks and grounds.

Private and university research programs are working to develop improved turfgrasses, but they do not have the time nor resources to identify completely new sources of beneficial genes in commonly used species or the usefulness of potential new species. In addition, new plant materials collected by these institutions most often are not placed in the National Plant Germplasm System for use by all interested parties. Additionally, long-term research to identify and transfer desirable genes from other species (turfgrass or other crop species) is not being undertaken by public and private interests. ARS scientists working with turfgrass will enhance the ongoing research and development currently underway within the public and private sectors of the turfgrass industry.

Water management is a key component of healthy turf and has direct impact on nutrient and pesticide losses into the environment. New and improved technologies are needed to monitor turf stresses and to schedule irrigation to achieve the desired turf quality. Increasing demands and competition for potable water make it necessary to use water more efficiently for turf irrigation. In addition, severe droughts in the West, Southeast and Mid-Atlantic States over the last several years have resulted in less water available and watering restrictions. These drought situations have severely impacted the turf industry as well as homeowners and young athletes. Technologies are needed to more efficiently and uniformly apply irrigations to achieve desired turf quality for the intended use as well as develop drought tolerant grasses. Also, there is greater competition for potable water. Therefore, to increase water availability for turf irrigation, waste water (treated and untreated) from both animal and municipal sources as well as from food processing plants must be utilized. Some of these waste waters contain contaminants such as pathogens, heavy metals, and organic compounds. Consequently, movement and accumulation of these contaminants in the atmosphere, soil profile, and ground water must be determined.

USDA conducted significant turfgrass research from 1920-1988. However, since 1988, no full-time scientist has been employed by USDA, Agricultural Research Service (ARS) to conduct turfgrass research specifically.

A new turfgrass research scientist position within USDA, ARS was created by Congress in the fiscal year 2001 budget. Accordingly, in January 2001, the turfgrass industry met with USDA, ARS officials to discuss the position description, hiring process, facilities needed, etc. for the new position. ARS welcomed the new position but felt strongly that just one person working in turfgrass research would be ineffective in addressing the needs and concerns of the industry. Therefore, in January 2002, ARS held a customer workshop to gain valuable input from turfgrass researchers, golf course superintendents, sod producers, lawn care operators, athletic field managers and others on the research needs of the turfgrass industry. As a result of the workshop, ARS has developed, in conjunction with industry, a national strategy to address the specific needs and concerns within the turfgrass industry. The highlights of this strategy are below:

The turfgrass industry is very excited about this new proposal and wholeheartedly supports the efforts of ARS. Since the customers at the workshop identified turfgrass genetics/germplasm and water quality/use as their top priority areas for ARS research, for fiscal year 2004, the turfgrass industry requests that the following positions be established within USDA, ARS:

- Water Use Efficiency/Use of Other Water Sources—three (3) research scientist positions to develop improved irrigation technologies and investigate the impacts of using recycled water for turf.
- Germplasm Collection, Enhancement and Preservation—three (3) research scientist positions to identify germplasm tolerant of drought and other stresses, move genes that confer drought and stress tolerance to desirable turfgrasses.
- Environmental Aspects of Turf Management—three (3) research scientist positions to investigate turfgrasses’ ability to impact pesticide and nutrient transport in soil and water.
- Pest Management Practices—three (3) research scientists to investigate turfgrass pests and pest management practices to reduce pesticide use and maximize efficiency of applications.

We propose that this research be conducted in conjunction with appropriate university cooperators. For this ARS-University partnership, we propose that funding be allocated such that ARS can adequately conduct in-house research as well as in cooperation with university partners. We are asking for \$300,000 for each ARS scientist position with an additional \$150,000 attached to each position to be distributed to university partners. We are also asking that the funding be given to ARS and then distributed by ARS to those university partners selected by ARS and industry representatives.

Funding Breakdown:	
ARS Scientist Positions (\$300,000 ea. × 12) .....	\$3,600,000
University Cooperative Research Agreements (\$150,000 ea. × 12) (administered by ARS) .....	1,800,000
<b>Total Request .....</b>	<b>5,400,000</b>

In conclusion, on behalf of the National Turfgrass Evaluation Program and the turfgrass industry across America, I respectfully request that the Subcommittee continue the vital \$55,000 appropriation for the National Turfgrass Evaluation Program (NTEP) as well as the \$490,000 appropriated in fiscal year 2003 for the new turfgrass scientist position within the Agricultural Research Service. I also request that the Subcommittee appropriate an additional \$5,400,000 for twelve new turfgrass scientist positions within ARS.

Thank you very much for your assistance and support.

PREPARED STATEMENT OF THE NATIONAL WATERSHED COALITION

Mr. Chairman and members of the Subcommittee, I am Larry Smith from Berkeley Springs, West Virginia, and I am pleased to represent the National Watershed Coalition (NWC) as its Chairman. The National Watershed Coalition is privileged to present this testimony in support of the most beneficial water resource conservation programs ever developed in the United States. The Coalition recognizes full well the need to use our tax dollars wisely. That makes the work of this Subcommittee very important. It also makes it imperative that the federal programs we continue are those that provide real benefit to society, and are not programs that would be nice to have if funds were unlimited. We believe the Watershed Program (Public Law 83-566) and the Flood Prevention Operations Program (Public Law 78-534) are examples of those rare programs that address our nation’s vital natural resources which are critical to our very survival, do so in a way that provide benefits

in excess of costs, and are programs that serve as models for the way all federal programs should work. The President's proposed fiscal year 2004 budget would severely cut watershed program funding from current levels, and is unacceptable to watershed project sponsors throughout the United States.

*General Watershed Program Observations*

The watershed as the logical unit for dealing with natural resource problems has long been recognized. Public Law 566 offers a complete watershed management approach, and should have a prominent place in our current federal policy emphasizing watersheds and total resource management based planning. Proper watershed management improves water quality. Why should the federal government be involved with these watershed programs?

- They are programs whose objectives are the sustaining of our nation's precious natural resources for generations to come.
- They are not federal, but federally assisted, locally sponsored and owned. They do not represent the continued growth of the federal government.
- They are locally initiated and driven. Decisions are made by people affected, and respect private property rights.
- They share costs between the federal government and local people. Local sponsors pay between 30–40 percent of the total costs of Public Law 566 projects.
- They produce net benefits to society. The most recent program evaluation demonstrated the actual ratio of benefits to costs was approximately 2.2:1. The actual adjusted economic benefits exceeded the planned benefits by 34 percent. How many other federal programs do so well?
- They consider and enhance environmental values. Projects are subject to the discipline of being planned following the National Environmental Policy Act (NEPA), and the federal "Principles and Guidelines" for land and water projects. That is public scrutiny!
- They are flexible programs that can adapt to changing needs and priorities. Objectives that can be addressed are flood damage reduction, watershed protection (erosion and sediment control), water quality improvement, rural water supply, water conservation, fish and wildlife habitat improvement, recreation, irrigation and water management, etc. That is flexibility emphasizing multiple uses.
- They are programs that encourage all citizens to participate.
- They can address the needs of low income and minority communities.
- They are targeted to address the most serious resource problems.
- And best of all—they are programs the people like!

The National Watershed Coalition is concerned with the Administration's minimal support for these watershed programs, and trusts your deliberations will cause the outcome of the fiscal year 2004 appropriations process to enable this vital work to continue and expand as we seek to preserve, protect and better manage our nation's water and land resources. Every State in the United States has benefited from the Small Watershed Program.

*National Watershed Coalition USDA Water Resource Program Budget recommendations*

*Watershed and Flood Prevention Operations*

In order to continue this high priority work in partnership with states and local governments, the Coalition recommends a fiscal year 2004 funding level of \$190 million for Watersheds and Flood Prevention Operations, Public Law 83–566 and Public Law 78–534. The current unfunded federal commitment for this program is currently over \$1.6 billion.

We recommend that \$30 million of this amount be for Public Law 78–534 projects. The administration proposes no funding for these projects. For some years now, the federal budget has eliminated the separate line items for the Public Law 534 and Public Law 566 watershed projects, and just lumped a total figure under Public Law 566 with a note that some amount "may be available" for Public Law 534 projects. This is an entirely unsatisfactory way of doing business. Public Law 534 still exists in law; it has not been repealed. Many rural communities depend upon its assistance. It should be funded as a separate program. This tactic is unfair to both Public Law 566 and Public Law 534. We ask that the Public Law 534 projects be funded at \$30,000,000.00, and that it be separate from Public Law 566. These are two distinct authorities that should not be confused. The current situation really penalizes both Public Law 534 and 566, as 534 has no funds at the outset, and in order to provide a little something to the Public Law 534 watershed projects, NRCS has to take money from the Public Law 566 accounts which are already very underfunded. Please restore funding for Public Law 534 watershed projects to \$30 million in fiscal year 2004.

The \$190 million request represents the actual amount watershed project sponsors across the country have indicated they can use now for projects ready for installation. It is a real, community based, documented need. The administrations proposal of \$40 million would actually cut funds for watershed operations by 65 percent from what was available in fiscal year 2003.

#### *Watershed Surveys and Planning*

We recommend that watershed surveys and planning be funded at \$35 million. Watershed sponsors and communities throughout the country have indicated a need for \$38 million for surveys and planning. The National Watershed Coalition believes the \$35 million amount is a reasonable request when all national water resource priorities are considered. The administrations proposal of \$5 million would actually cut funds for watershed planning by 55 percent from what was available fiscal year 2003.

#### *Watershed Rehabilitation*

We recommend \$45 million be provided for structural rehabilitation and replacement in fiscal year 2004, in accordance with Public Law 106-472, the Small watershed Rehabilitation Amendments of 2000, passed by the Congress and signed into law on November 9th, 2000, and that another \$5 million be available for a thorough assessment of rehabilitation needs. The condition of our nation's dams, and the need for watershed structure rehabilitation, is a national priority. We are very disappointed to see the Administration's proposed budget apparently doesn't believe it is a national priority to protect the lives of America's citizens. Congress has indicated it is a priority with passage of Public Law 106-472. The 2002 Farm Bill would actually have provided \$90 million for this purpose in fiscal year 2004, if all its provisions had been funded.

The issue of the current condition of those improvements constructed over the last 50 years with these watershed programs is a matter of great concern. Many of the 11,000 plus dams that NRCS assisted sponsors build throughout the United States, no longer meet current dam safety standards largely as a result of development, and need to be upgraded to current standards. A USDA study published in 1991 estimated that in the next 10 years, \$590 million would be needed to protect the installed works. Of that amount, \$100 million would come from local sponsors as their operation and maintenance contributions. NRCS also conducted a more recent survey, and in just 22 states, about \$540 million in rehabilitation needs were identified. We are recommending \$45 million in fiscal year 2004, and commend Congress for their leadership in passing Public Law 106-472 and the 2002 Farm Bill. Watershed project sponsors throughout the United States appreciate your leadership on this vital issue. We now have the authorization, and need the appropriations. If we don't start to pay attention to our rural infrastructure needs, the ultimate cost to society will only increase, and project benefits will be lost. This is a serious national issue. Since most of these structures were constructed in the 1950's, 1960's, and 1970's, and were originally designed with a 50-year life, it is apparent we need to look at their current condition. If we do the rehabilitation work to bring these older structures up to current health and safety standards, they will continue to provide benefits far into the future. We are dismayed that the Administration's budget only provides \$10 million for this work. That amount would actually cut fiscal year 2003 rehabilitation funding by 65 percent which is unacceptable to watershed sponsors, and is unsafe.

#### *Watershed Research and Development*

There is a research and development (R&D) need as we get the structural rehabilitation process underway. In USDA, that work is undertaken by the Agricultural Research Service (ARS). That need is estimated at \$3.0 million, and we ask that it be included in the ARS budget. It would be used for evaluation of upstream and downstream changes to the stream channel systems in cases of decommissioning, evaluation of the water quality impact of stored sediment releases, and the evaluation of impacts of the loss of flood protection, among other things. In addition, we ask that ARS be provided \$10 million in fiscal year 2004 for basic watershed research. This is the amount needed to allow ARS to get back on track collecting needed basic watershed information. That activity has been neglected in recent years because of the lack of funding.

#### *Summary*

All people should understand these federal funds are only a part of the total that is committed to this vital national, conservation purpose. The local project sponsors in these "federally assisted" endeavors also have a tremendous investment. Congress increasingly talks of wanting to fund those investments in our nation's infra-

structure that will sustain us in the future. Yet past budgets have regularly cut funding for the best of these programs. This makes absolutely no sense! We can't seem to invest and re-invest in our vital watershed infrastructure. That is simply unconscionable. Isn't water quality and watershed management a national priority? We believe it is.

Once again we are disappointed with what appears to us to be a lack of Administration commitment for these very beneficial conservation programs. The Administration needs to recognize watershed natural resources conservation as a high national priority, as you do. It's only common sense.

The Coalition appreciates the opportunity to offer these comments regarding fiscal year 2004 funding for the water resource programs administered by USDA's Natural Resources Conservation Service (NRCS). With the "downsizing" the NRCS has experienced, we would be remiss if we did not again express some concern as to their ability to provide adequate technical support in these watershed program areas. NRCS technical staff has been significantly reduced and budget constraints have not allowed that expertise to be replaced. Traditional fields of engineering and economics are but two examples. We see many states where NRCS capability to support their responsibilities is seriously diminished. This is a disturbing trend that needs to be halted, and we are not convinced that using "Technical Service Providers" from the private sector is the answer. This downsizing has a very serious effect on state and local conservation programs. Local Watershed and Conservation Districts and the NRCS combine to make a very effective delivery system for providing the technical assistance to local people—farmers, ranchers and rural communities—in applying needed conservation practices. But that delivery system is currently very strained! Many states and local units of government also have complementary programs that provide financial assistance to land owners and operators for installing measures that reduce erosion, improve water quality, and maintain environmental quality. The NRCS provides, through agreement with the USDA Secretary of Agriculture, "on the land" technical assistance for applying these measures. The delivery system currently is in place, and by downsizing NRCS, we are eroding the most effective and efficient coordinated means of working with local people to solve environmental problems that has ever been developed. Our system and its ability to produce food and fiber is the envy of the entire world. In our view, these programs are the most important in terms of national priorities.

The Coalition pledges its full support to you as you continue your most important work. Our Executive Director, Mr. John W. Peterson, who has over 40 years experience in natural resource watershed conservation, is located in the Washington, DC area, and would be pleased to serve as a resource as needed. John's address is 9304 Lundy Court, Burke, VA 22015-3431, phone 703-455-6886 or 4387, Fax; 703-455-6888, email; jwpeterson@erols.com.

Thank you for allowing the National Watershed Coalition (NWC) this opportunity.

#### PREPARED STATEMENT OF THE NATIONAL RURAL HOUSING COALITION

Mr. Chairman and members of the House Subcommittee on Agriculture, my name is Robert Rapoza and I wish to testify on behalf of the National Rural Housing Coalition.

I wish thank you for the Subcommittee's support of the Rural Development programs of the United States Department of Agriculture and to urge you to support an increase in its budget for fiscal year 2004.

As you may know, the National Rural Housing Coalition (the Coalition) has been a national voice for rural low-income housing and community development programs since 1969. Through direct advocacy and policy research, the Coalition has worked with Congress and the Department of Agriculture to design new programs and improve existing programs serving the rural poor. The Coalition also promotes a non-profit delivery system for these programs, encouraging support for rural community assistance programs, farm labor housing grants, self-help housing grants, and rural capacity building funding.

The Coalition is comprised of approximately 300 members nationwide. We hope to work with you to assure that the voices of rural America are heard and its needs met. Our concerns are focused on rural housing and rural water and sewer systems.

#### THE NEED FOR AFFORDABLE RURAL HOUSING

A disproportionate amount of the nation's substandard housing is in rural areas. Rural households are poorer than urban households, pay more of their income for housing than their urban counterparts, and are less likely to receive government-assisted mortgages. They also have limited access to mortgage credit and the sec-

ondary mortgage market, making them prime targets for predatory lending. Rural America needs programs that focus on the issues facing it. The Rural Housing Service of Rural Development provides many of these needed programs.

According to the 2000 Census, there are 106 million housing units in the United States. Of that, 23 million, or 23 percent, are located in non-metro areas. Many non-metro households lack the income for affordable housing. The 2000 Census reveals that 7.8 million of the non-metro population is poor, 5.5 million, or one-quarter of the non-metro population, face cost overburden, and 1.6 million of non-metro housing units are either moderately or severely substandard. According to the USDA Economic Research Service, 4 million, or 17 percent of the households in non-metro areas are classified as being in housing poverty. Households are defined as being in housing poverty when their housing has at least one of four important indicators of housing disadvantage:

- Economic need—housing costs over 50 percent of household income;
- Inadequate quality—physical quality defined as moderately or severely inadequate using the HUD measure based on 26 indicators of physical problems;
- Crowding—more household members than rooms;
- Neighborhood quality—perception of poor quality in at least 2 out of 4 neighborhood conditions (crime, noise, inadequate public services, and litter/deteriorating housing).

Renters in rural areas are the worst housed individuals and families in the country. Thirty-three percent of rural renters are cost-burdened, paying more than 30 percent of their income for housing costs. Almost one million rural renter households suffer from multiple housing problems, 60 percent of whom pay more than 70 percent of their income for housing. The Section 515 rural rental housing loan program at USDA serves low and very-low income families with safe affordable housing.

Although issues around rental housing are of vital concern, homeownership is the principal form of housing in rural America. However, there are a number of obstacles to improving homeownership in rural areas including high rates of poverty and poor quality of housing. According to a 1999 Economic Research Service report, the poverty rate in rural America was 15.9 percent, compared to 13.2 percent in urban areas.

Rural residents also have limited access to mortgage credit. The consolidation of the banking industry that accelerated throughout the 1990s has had a significant impact on rural communities. Mergers among lending institutions have replaced local community lenders with large centralized institutions located in urban areas. Aside from shifting the locus of loan making, this has resulted in the diminishment of a competitive environment that, in the past, encouraged rural lenders to offer terms and conditions that were attractive to borrowers.

Because of the gap left by traditional lenders, rural households are often prime targets for predatory lenders. Predatory lending practices include excessive fees, prepayment penalties, and loan flipping into high cost subprime loans. Rural America depends upon the affordable loans through USDA's Section 502 single family direct loan program for homeownership.

#### USDA'S RURAL HOUSING SERVICE

I would like to begin with the rental housing program.

##### *Section 515 rental housing program*

Although we often talk about the surge in homeownership and all of its benefits, not all us are or are prepared to be homeowners. USDA's Rural Housing Service Section 515 rural rental housing program is invaluable to low-income residents in rural areas. The portfolio contains 450,000 rented apartments in Section 515 developments. The delinquency rate is a low 1.6 percent. The average tenant income is \$7,900, which is equal to only 30 percent of the nation's rural median household income. More than half of the tenants are elderly or disabled and one-quarter are minority.

Federal policy faces two challenges regarding rural rental housing. The first is to increase the production of affordable rental housing units in rural communities. The second is to maintain the existing stock of Section 515 units.

This year, the President's budget cut Section 515 to \$71 million and limited it to repair, rehabilitation, and preservation. If the fiscal year 2004 budget request for Section 515 is approved, it will be the first time in more than 30 years that the Federal Government provides no new rental units for rural America.

Section 521 rental assistance is used in conjunction with Section 515 to help families who cannot afford even their reduced rent. In recent years, mostly in response to an escalating number of expiring contracts, appropriations for rental assistance

have gone up. Despite the fact that the current appropriations stand at \$701 million (fiscal year 2002), the funds are insufficient. Although about 50 percent of the 450,000 Section 515 households receive rental assistance, almost 90,000 Section 515 households who need assistance do not receive it. The need for rental assistance is projected to increase to \$937 million by 2006.

Prepayment of 515 properties is a real threat to two-thirds of the portfolio over the next 7 years. Prepayment often means the units are lost for low-income residents. In 1987, Congress enacted legislation restricting prepayment, and providing financial incentives to owners to stay in the program. However, Section 515 funding has fallen off dramatically, and stands at \$114 million, its lowest level in 25 years. This allows little money to provide incentives and other resources for preservation.

The demand for incentives is estimated at approximately \$100 million for equity loans alone. This includes \$11 million in approved, but un-funded requests some of that date back 3 to 4 years. Spending for Section 515 rental subsidized housing has been cut by 73 percent since 1994. And rural rental housing unit production by the Federal Government has been reduced by 88 percent since 1990.

For fiscal year 2004, we recommend a total of \$250 million for section 515. With these funds, we proposed that \$100 million be used for basic maintenance and preservation and \$150 million for loans for new construction. In addition we recommend an increase of \$50 million for rural rental assistance that will be used in conjunction with section 515 and farm labor housing, described later.

#### *Section 502 single family direct loan program*

To qualify for the direct loan program, borrowers must have very low or low incomes but be able to afford mortgage payments. Also, applicants must be unable to obtain credit elsewhere, yet have reasonable credit histories. The average income of households assisted under Section 502 is \$18,500. About 9 percent of households have annual incomes of less than \$10,000. Since its inception, Section 502 has provided loans to almost two million families.

In recent years, the major trend in rural housing has been to guarantee home ownership loans. The fiscal year 2003 level for guarantees is approximately \$4 billion. This program serves families with incomes at 125 percent of median, substantially higher than that of direct loans.

Under Section 502 home ownership, the current loan level totals \$1.044 billion. This will provide subsidized, direct loan financing for about 15,000 units. Under this program, families receive a subsidized loan for a period of 33 years. The average income of households assisted under Section 502 is \$18,500. About 3 percent of households have annual incomes of less than \$10,000. Since its inception, Section 502 has provided loans to almost two million families.

There is unprecedented demand for section 502 direct loans totaling several billion dollars and exceeding the budget request. The fiscal year 2004 budget request for Section 502 direct loans is \$1.366 billion; the largest request is several years.

The additional funds are targeted to improve minority home ownership. Under the fiscal year 2004 budget, the cost per unit to finance housing is less than \$10,000. It is important to note that the Administration proposes to actually reduce spending on Section 502, but a revised subsidy rate and lower interest rates allow resources to be stretched. While we would have preferred additional lending in section 502 based on the fiscal year 2003 budget authority level, we applaud the focus on minority home ownership in the budget request.

#### *Non-Profit Organizations*

With dramatic program reductions and continued strength in the nation's real estate market, the private sector delivery system is no longer dominant as it was when funding levels were higher, and in many rural communities does not even exist. In some rural areas, non-profits have picked up the slack and pursued a multiple funding strategy. Skilled local organizations meld Federal, State, local and private resources together to provide affordable financing packages to low-income families. But there is not a dedicated source of Federal support to promote a non-profit delivery system for rural housing.

As one way to improve its programs, USDA has expanded its cooperation with non-profit housing and community development organizations. Two successful programs are Mutual and Self-Help Housing and the Rural Community Development Initiative.

Under Mutual and Self-Help Housing, with the assistance of local housing agencies, groups of families eligible for Section 502 loans perform approximately 65 percent of the construction labor on each other's homes under qualified supervision. This program, which has received growing support because of its proven model, has existed since 1961. The average number of homes built each year over the past 3

years has been approximately 1,500. For fiscal year 2004, we recommend a total of \$35 million for self-help housing. This is the same as fiscal year 2004.

The Rural Community Development Initiative (RCDI) program enhances the capacity of rural organizations to develop and manage low-income housing, community facilities, and economic development projects. These funds are designated to provide technical support, enhance staffing capacity, and provide pre-development assistance—including site acquisition and development. RCDI provides rural community development organizations with some of the resources necessary to plan, develop, and manage community development projects. Using dollar-for-dollar matching funds and technical assistance from 19 intermediary organizations, some \$12 million in capacity building funds were distributed to 240 communities. There is a tremendous demand for capacity building funding. In the fiscal year 2000 funding round, USDA's Rural Housing Service received some \$80 million in applications for \$6 million in appropriated funds. This valuable program is also at risk in the budget request this year—it has been eliminated. For fiscal year 2004, we recommend \$6 million for the Rural Community Development Initiative to continue level funding for fiscal year 2002.

*Section 514 loan and Section 516 grant farm labor housing programs*

Two additional rental housing programs specifically address the needs of farm laborers. Migrant and seasonal farmworkers are some of the nation's most poorly housed populations. The last documented national study indicated a shortage of some 800,000 units of affordable housing for farmworkers.

Farmworker households are also some of the least assisted households in the nation. Some 52 percent of farmworker households' incomes are below the poverty threshold, four times the national household poverty rate, and 75 percent of migrant farmworkers have incomes below the poverty line. Yet little more than 20 percent of farmworker households receive public assistance; most commonly food stamps, rarely public or subsidized housing.

There are only two Federal housing programs that specifically target farmworkers and their housing needs: Sections 514 and 516 of the Housing Act of 1949 (as amended). Borrowers and grantees under Rural Housing Service Sections 514 and 516 receive financing to develop housing for farmworkers. Section 514 authorizes the Rural Housing Service to make loans with terms of up to 33 years and interest rates as low as 1 percent. Section 516 authorizes RHS to provide grant funding when the applicant will provide at least 10 percent of the total development cost from its own resources or through a 514 loan.

Non-profit housing organizations and public bodies use the loan and grant funds, along with RHS rural rental assistance, to provide units affordable to eligible farmworkers. These funds are used to plan and develop housing and related facilities for migrant and seasonal farmworkers. Current funding for Sections 514/516 totals \$37 million in program authority. This amount provides about 700 units of housing. The estimated need is two to three times the appropriated level.

The budget request for section 514/516 is \$35 million. We applaud the slow, but steady progress of the Committee in increasing funding for this very important program. We recommend that funding for farmworker housing grants and loans be increased to \$100 million in budget authority for fiscal year 2004. We ask that these funds be equally divided between loans and grants authorized under sections 514 and 516. This will result in approximately \$150 million in financing for much needed farmworker housing.

THE NEED FOR RURAL WATER AND SEWER SYSTEMS

Hundreds of rural communities nationwide do not have access to clean drinking water and safe waste disposal systems. A 1995 USDA needs assessment of rural areas showed that more than one million households had no indoor plumbing, and 2.4 million households had critical drinking water needs. In its 1997 Drinking Water Infrastructure Needs Survey, the Environmental Protection Agency estimated that over the next 20 years, water systems serving communities of less than 10,000 people will require \$37.2 billion in funding for water systems improvements and upgrades. And regarding wastewater, a 1996 EPA Survey demonstrated that small communities with up to 10,000 residents will need 21,000 wastewater treatment facilities by 2016 at a cost of approximately \$14 billion. According to EPA's numbers, approximately \$51.2 billion will be needed to address the basic water and wastewater needs of small communities.

Many projects that the Rural Utilities Service funds are under consent order from the state EPA office for immediate action. The problems that the agency deals with range from communities and systems that are out of compliance with health and pollution standards, to communities without sewer systems where raw sewage runs

in ditches after a heavy rainfall. Because so much time and money are spent on critical needs, the state offices spend less time on prevention. The programs and communities do not have enough resources to address issues before they become larger problems.

The issue of affordability moves to the forefront with waste disposal systems, which are generally more expensive than water systems. Waste systems naturally succeed water systems—with central water comes indoor plumbing, washing machines, dishwashers, etc., all of which eventually require an efficient wastewater disposal system. Low-income communities often already pay as much as they can afford for water service alone and are unable to manage the combined user fees for water and waste. According to EPA data, ratepayers of small rural systems are charged up to four times as much per household as ratepayers of larger systems. In some extreme situations, some households are being forced out of homeownership because they cannot afford rising user costs.

As I mentioned earlier, rural communities have limited access to much-needed debt and equity capital, and small water and wastewater systems lack the economies of scale needed to reduce costs on their own. In order for communities to cut back on project costs and have affordable rates, operation and maintenance are typically underestimated in the budgets for many new systems. This often results in limited or no capital improvement accounts for future upgrades and expansions needed for community development including stabilization of local small business, affordable housing development, and other needed industrial development.

#### USDA'S RURAL UTILITIES SERVICE

USDA's Rural Utilities Service (RUS) is the primary Federal force in rural water and waste development, providing loans and grants to low-income communities in rural areas. The agency assists low-income rural communities that would not otherwise be able to afford such services. Approximately one-fifth of the communities served live below the national poverty line.

In providing these important services, the program also protects public health and promotes community stabilization and development. Aging municipal sewage systems alone are responsible for 40,000 overflows of raw sewage each year. The overflows cause health hazards including gastrointestinal problems and nausea, as well as long-term damage to the environment. Businesses and industries are unable or reluctant to locate in areas without functioning water and sewer systems. But with the assistance of RUS, communities are able to have the services they need so that their health and economies may benefit.

Through Federal and State initiatives, RUS is working to confront the challenges faced by rural communities. With increasingly restricted time and money, state offices are using other resources such as leveraged funds and technical assistance from the Rural Community Assistance Program (RCAP). Funds are being leveraged through HUD's Community Development Block Grant program and the EPA's State Revolving Loan Funds, as well as some private lenders. Through the RCAP technical assistance program, more than 2,000 communities and over 1.6 million households in 49 states have received assistance to identify solutions to water problems, improve and protect water quality, and construct and operate facilities. The RCAP program has proven to be an effective and efficient way of ensuring that small rural communities receive the information, technical assistance, and training needed to provide for the water and waste disposal needs of their residents.

Mr. Chairman and members of the Committee, we look to you for continued support of the efforts of Rural Development. These programs are vital to the survival of our small communities nationwide. They address the most basic needs of affordable housing and clean water that still exist all over the country.

We appreciate your past support and your attention to this matter.

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#### PREPARED STATEMENT OF THE NAVAJO NATION

##### INTRODUCTION

My name is Arvin S. Trujillo. I serve as Executive Director for the Division of Natural Resources of the Navajo Nation, America's largest Indian tribe. On behalf of President Joe Shirley, Jr., Vice-President Frank Dayish, Jr. and the Navajo people, I appreciate the opportunity to submit for the hearing record this Statement setting forth the Navajo Nation's recommendations and requests regarding fiscal year 2004 appropriations for the U.S. Department of Agriculture ("USDA").

A participant in Congressional proceedings leading to enactment of the Farm Security and Rural Investment Act of 2002 ("Farm Bill"), the Navajo Nation strongly

urges appropriations up to full authorized levels for many new, or expanded, Farm Bill programs that hold significant promise for at last addressing the staggering rural development deficit confronting the Navajo Nation. In fact, the Shirley-Dayish Administration, inaugurated this past January, has made implementation of Farm Bill programs on the Navajo Nation one of its top priorities over the next 4 years. Toward that end, the Navajo Nation looks forward to working with this Subcommittee and the full Committee, as well as the USDA, to improve dramatically participation by the historically-underserved Navajo people in USDA /Farm Bill programs that are extraordinarily well-suited to addressing substantial conservation, rural development, education and energy needs.

#### BACKGROUND

The Navajo Nation—with a land area covering almost 18 million acres—comprises one-third of all Indian lands in the lower 48 States, and is larger than the States of Connecticut, Delaware, Maryland, Massachusetts and Rhode Island combined. Unlike those States, however, the Navajo Nation suffers from enormous deficits in all areas critical to prosperous rural livelihoods.

The unemployment rate on the Navajo Nation ranges seasonally from 36 percent to 50 percent. Per capita income averages \$6,123 (less than one-third of that in surrounding States), and 56 percent of Navajo people live below the poverty level. Massive infrastructure deficiencies continue to hamstring Navajo leaders' efforts to promote rural development and economic self-sufficiency. Though the Navajo Nation is slightly larger than West Virginia, our approximately 2,000 miles of paved roads equate to barely 11 percent of West Virginia's 18,000+ miles. Basic "necessities" of life, taken for granted elsewhere in the United States, are sorely lacking in the Navajo Nation. In fact, approximately 17,500 occupied structures on the Navajo Nation are presently without electric power—a circumstance that simply defies belief in 21st Century America!

#### FISCAL YEAR 2004 APPROPRIATIONS RECOMMENDATIONS AND REQUESTS

Against this background, the Navajo Nation urges the Subcommittee Members to provide the leadership and direction necessary to cause USDA increasingly to target scarce resources toward populations/areas that combine a compelling need for USDA's programs with a historical lack of access to, or participation in, those programs (in relation to other populations/areas). In other words, USDA resources and expertise should be redirected from locations (many of which have become suburban rather than rural) that have now realized the purposes of USDA programs to those locations—such as the Navajo Nation—that have benefited comparatively little from the resources and expertise that USDA has to offer.

Among the Navajo Nation's overall appropriations recommendations, within which such targeting of resources should occur (including the specific requests identified), are the following:

#### CONSERVATION

*Environmental Quality Incentives Program ("EQIP").*—The Natural Resources Conservation Service ("NRCS") has worked diligently in outreach to the Navajo Nation to attempt to expand EQIP structural practices, but there remains enormous untapped potential for installation of measures to conserve scarce water resources and eroding cropland and rangeland. In that regard, the Navajo Nation recently filed comments, in the NRCS's proposed rulemaking regarding Farm Bill-related modifications to EQIP, urging revisions to enhance Navajo farmer/rancher participation. Funding of EQIP at the full authorized amount is recommended.

*Ground and Surface Water Conservation.*—The Farm Bill established this new EQIP-related initiative, in part, to help producers "improve irrigation systems . . . [and] enhance irrigation efficiencies," as well as to "mitigate the effects of drought." This initiative offers opportunities to help reverse significant long-term problems that have plagued Navajo farmers—crumbling irrigation systems, installed in the 1950's, that presently irrigate less than 30 percent of the farmland acreage originally serviced thereby, and a devastating drought that has adversely impacted the Navajo people for approximately 3 years. In written comment to the NRCS, the Navajo Nation has urged that any new rules/procedures take account of the special circumstances existing on tribal lands so that Navajo farmers can fully take advantage of these much-needed conservation incentives. Fully authorized funding of \$60 million should be provided, with emphasis on cost-share and incentive payments (rather than loan programs) for targeted areas with limited resources and substantial unmet needs.

The Navajo Nation specifically requests that \$350,000 of funding hereunder be allocated to the Ganado Irrigation Water Conservation Project, a model project that will bring water from Ganado Reservoir to 640 acres of land, thereby allowing 63 Navajo land permit holders to return those lands to farming notwithstanding ongoing extreme drought conditions. The Project is integral to sustaining traditional Navajo crops and food products, generating revenue, and increasing employment in Apache County, Arizona. The first phase of construction was completed in the summer of 2002 in a joint effort by the Ganado Water Users Association of the Navajo Nation, NRCS, the Bureau of Reclamation and the Bureau of Indian Affairs. The requested funding would be for the final step to completion, including enhancing irrigation efficiency through the installation of plastic lining for irrigation piping.

*Watershed Planning and Operations, Emergency Watershed Protection, and Small Watershed Rehabilitation.*—The importance of fully appropriated, and fully implemented, USDA/NRCS watershed planning, operations and rehabilitation programs for the Navajo Nation cannot be overstated. Soil and water management difficulties, not to mention salt-laden runoff to the Colorado River System, are longstanding problems that demand a coordinated, comprehensive, watershed-based strategy and solutions utilizing the NRCS's substantial expertise. Regrettably, the Administration's Budget proposes a substantial decline in funding. Rather than eliminating these very worthwhile programs, funding should instead be increased so that areas, such as the Navajo Nation, which have not fully benefited in the past can now partake of the substantial potential of these programs. In particular, sufficient funding should be allocated to allow for reestablishment of an NRCS watershed planning team on the Navajo Nation.

In addition, the Navajo Nation requests that \$700,000 of technical assistance funding be allocated to the NRCS specifically to allow for development and preparation of the required follow-up documentation necessary to move ahead with two existing plans of importance to the Navajo Nation: (1) the Canyon del Muerto Natural Resource Plan, and (2) the Moenkopi—Tuba City Plan. Such targeted technical assistance funding would be utilized for preparation of small watershed plans and environmental assessments in furtherance of the much-needed watershed-related initiatives for both areas.

*Conservation Security Program.*—The Navajo Nation supports the program goals to implement important conservation measures on working lands, including "land under the jurisdiction of an Indian tribe." In fact, in recently-filed comments with the USDA regarding implementation of this new program, the Navajo Nation recommended policies to facilitate Navajo participation therein. The Budget appears to have significantly underfunded this new program, and the Navajo Nation urges increased funding thereof.

*Resource Conservation and Development Program.*—The Navajo Nation supports the continuation and expansion of funding for this beneficial program.

*Conservation Program Incentives.*—Section 2004 of the Farm Bill added Section 1244 to the Food Security Act of 1985 to provide that "[i]n carrying out any conservation program . . . the Secretary may provide to . . . Indian tribes . . . incentives to participate in the conservation program to—(1) foster new farming and ranching opportunities; and (2) enhance environmental stewardship over the long term." The Navajo Nation, which exercises governmental authority over the vast lands (primarily tribal and trust lands) under its jurisdiction, urges the Subcommittee to direct the Secretary to implement this new provision expeditiously, and to provide funding therefor.

#### RURAL DEVELOPMENT

##### *Water and Waste Disposal Grant Programs*

A. There are enormous needs on the Navajo Nation for grants for the "development, storage, treatment, purification or distribution of water . . . in rural areas" (7 U.S.C. § 1926(a)(2)); authorized applicants under this program for "Water and Waste Facility Loans and Grants" include Indian tribes. However, the Budget proposes a very significant cutback in grant funding, despite the fact that numerous rural areas, such as the Navajo Nation, have yet to realize equitably the benefits of this critical program. Given the Navajo Nation's huge infrastructure deficiencies, the Navajo Nation recommends a grant program level of \$590 million, with directions from the Committee that such grant funding/assistance be targeted to areas with substantial need and limited past participation.

B. Moreover, under the program for "Water and Waste Facility Loans and Grants to Alleviate Health Risks" (7 U.S.C. § 1926c), the "Secretary shall make . . . grants to . . . Indian tribes . . . to provide for the conservation, development, use, and control of water (including the extension or improvement of existing water supply

systems) . . .” (7 U.S.C. § 1926c(a)(1)). In reauthorizing these provisions in Section 6010 of the Farm Bill, Congress provided for additional funding of \$20 million for each fiscal year specifically “for grants under this section to benefit Indian tribes.” The Subcommittee should make good on this commitment to the health and welfare of Indian country, and should fully appropriate this new grant authorization.

C. The Navajo Nation (and other areas of the desert southwest) have been severely impacted by long-term drought. Under the “Emergency Community Water Assistance Grant Program,” the USDA “shall provide grants . . . to assist the residents of rural areas and small communities to secure adequate quantities of safe water . . . after a significant decline in the quantity or quality of water available . . .” (7 U.S.C. § 1926a(a)). Rather than eliminating funding (or appropriating only for pending applications), the Subcommittee (and the USDA) should recognize that such an emergency already exists in the Navajo Nation. Monies should be appropriated now and targeted to areas such as the Navajo Nation that have been devastated by drought and which require assistance to provide ample, safe water to rural residents.

In particular, the Navajo Nation Drought Contingency Plan has identified more than 70 public water systems at high risk due to the ongoing drought. Deficiencies at the following public water systems in Arizona and New Mexico can be rectified in a timely fashion, and the corresponding health risks and water shortage emergencies alleviated, if the following targeted appropriations are provided from one or a combination of the above-identified three grant funding authorizations:

Arizona:		
Cameron—Grey Mountain .....	water source; storage .....	\$900,000
Fort Defiance Chapter .....	replacement well; storage .....	250,000
Teec Nos Pos chapter .....	water source .....	470,000
Tuba City Chapter .....	water source; storage .....	380,000
Total .....	.....	2,000,000
New Mexico:		
Baca/Haystack Chapter .....	water source; storage .....	800,000
Spencer Valley—Manuelito Chapter .....	conveyance line .....	90,000
Torreon Chapter .....	water source .....	450,000
Total .....	.....	1,340,000

Moreover, the Navajo Nation requests funding of \$4 million for construction of the Navajo Mountain Public Water System to alleviate public health and safety issues at Navajo Mountain, Utah. The present water system, which is dependent on springs that are unreliable during dry periods, is inadequate to provide for the needs of the community and its schools. Consequently, last year the Navajo Nation had to resort to hauling water more than 40 miles to provide drinking water for the community. This crisis resulted in the closing of the schools during the summer months. Repeated efforts by the Indian Health Service to develop wells in the area have not been successful. In March 2000, the Bureau of Reclamation completed a feasibility study for the Navajo Mountain Public Water System, resulting in a design and cost estimate for a long-term solution to the Navajo Mountain water supply crisis. The proposed project would cost approximately \$6 million; programmatic funding already committed through the U.S. EPA and BIA totals \$2 million. The Navajo Nation requests through USDA the remaining \$4 million—under any one or a combination of the above-identified three grant funding authorizations—necessary to construct this urgently-needed project.

*Rural Strategic Investment Program.*—One of the most disinvested areas of the United States, the Navajo Nation has long been a proponent of integrated, multidisciplinary rural planning and development, but has lacked adequate funding and the commitment of USDA resources and expertise necessary to succeed in such effort. Accordingly, the Navajo Nation supports implementation of this new program (added to the Consolidated Farm and Rural Development Act by Farm Bill Section 6030) that can facilitate regional rural strategic investment plans through planning and innovation grants. The Subcommittee should reject the Budget’s proposal to block mandatory funding authorized under the Farm Bill, and should instead fully appropriate authorized amounts for planning/innovation grants thereunder.

*Rural Development Grant Programs.*—The Navajo Nation supports full funding of programs for Rural Business Enterprise Grants (Farm Bill Section 6014), Rural Business Opportunity Grants (Farm Bill Section 6003), and Rural Cooperative Development Grants (Farm Bill Section 6015). These programs offer substantial oppor-

tunities for Indian country, and the Navajo Nation hopes to work closely with USDA to increase Navajo participation therein. The Budget limitations on such programs should be rejected.

*Tribal College Essential Community Facilities.*—Farm Bill Section 6008 amended the Consolidated Farm and Rural Development Act by adding a new authorization of \$10 million annually for “grants to tribal colleges and universities . . . to provide the Federal share of the cost of developing specific tribal college or university essential community facilities in rural areas.” Among America’s land grant institutions, none have greater need for increased Federal financial assistance for the development of infrastructure/facilities than the tribal colleges (i.e., the so-called 1994 Institutions). This new authorization should be fully funded.

*Value-Added Agricultural Product Market Development Grants.*—This program (Farm Bill Section 6401) offers exciting opportunities to several ventures and existing/planned cooperatives on the Navajo Nation. The budgeted funding is woefully inadequate, and the Navajo Nation recommends appropriations that can help jumpstart this important program.

*Rural Firefighters and Emergency Personnel.*—Given the much-needed focus on homeland security, not to mention its responsibility for 18 million acres under its jurisdiction, the Navajo Nation urges full funding for this helpful authorization at Farm Bill Section 6405.

#### RESEARCH/EDUCATION/EXTENSION

*Tribal Colleges Classroom Instruction Grants.*—Farm Bill Section 7201(a) increased these annual grants to each 1994 Institution from \$50,000 to \$100,000, but the Budget proposes only \$73,000 per tribal college. This position is entirely unacceptable—not only because of the well-documented need for a substantial input of resources to the tribal colleges, but also in relation to the continuing large funding allocations directed to the 1862 and 1890 Institutions. The Budget is inapposite to the intent underlying the Equity in Educational Land-Grant Status Act of 1994, and should not be accepted; the Farm Bill’s Congressional directive to raise these annual grants to \$100,000 should be heeded by the Subcommittee.

*Other 1994 Institutions Funding Authorizations.*—Unfortunately, since 1994, the commitment to fund tribal colleges has not lived up to the “land grant” status bestowed. Appropriations must be targeted where they are most needed. Consequently, the Navajo Nation supports very dramatic increases for the Native American Endowment Fund, and for the authorizations for 1994 Institutions institutional capacity building grants and research grants (see 7 U.S.C. § 301 note) and agricultural extension grants (see 7 U.S.C. § 343(b)(3)). A concerted Federal/tribal effort is required to help bring tribal colleges to a level playing field—as they deserve to be—with other land grant and higher education institutions.

*Socially Disadvantaged Farmers and Ranchers.*—While Farm Bill Section 10707 increased from \$10 million to \$25 million annual authorized funding for this outreach and assistance program that is ideally suited for the Navajo Nation, the Budget proposes just \$4 million. The Navajo Nation urges the Subcommittee, through its appropriations decisions, to direct the USDA finally to implement this program in a meaningful way reflecting Congressional intent.

#### ENERGY

*Renewable Energy (Section 9006).*—The Navajo Nation, which has recently announced its comprehensive energy policy, is firmly committed to the development of renewable energy. Indeed, the Navajo Nation submitted written comments to the USDA supporting expeditious implementation of Farm Bill Section 9006 to provide, in part, for grants to farmers, ranchers and rural small businesses to purchase renewable energy systems. The Budget recommends no funding; the Subcommittee should reject that position and provide adequate funding for meaningful implementation of this program.

*Renewable Energy (Section 9005).*—Similarly, the Navajo Nation recommends increased funding for this program, established under Farm Bill Section 9005, that would authorize grants to “an Indian tribe” to “assist farmers, ranchers, and rural small businesses in becoming more energy efficient and in using renewable energy technology and resources.” Such grants match up well with objectives of the Navajo Nation’s comprehensive energy policy, and—if provided in meaningful amounts—could assist greatly in the implementation thereof.

As the new Shirley—Dayish Administration continues to establish its priorities and objectives, we will keep the Subcommittee apprised of additional specific opportunities—within these and other USDA/Farm Bill programs—where the Subcommit-

tee's leadership can help us to improve the lives and rural livelihoods of the Navajo people. We appreciate your consideration of our recommendations and requests.

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PREPARED STATEMENT OF THE NEW MEXICO INTERSTATE STREAM COMMISSION

*Summary*

This Statement is submitted in support of appropriations for the Department of Agriculture's Colorado River Basin salinity control program. The salinity control program has not been funded in recent years at the level necessary to control salinity with respect to water quality standards. Also, inadequate funding of the salinity control program negatively impacts the quality of water delivered to Mexico pursuant to Minute 242 of the International Boundary and Water Commission. Funding for the Environmental Quality Incentives Program (EQIP), from which the Department of Agriculture funds the salinity program, has been insufficient to implement needed salinity control measures. The Farm Security and Rural Investment Act (FSRIA) of 2002 authorized a funding level of \$1 billion for EQIP in fiscal year 2004. I urge the Subcommittee to support funding from Commodity Credit Corporation (CCC) of \$1 billion to be appropriated for EQIP. I request that the Subcommittee designate 2.5 percent of the EQIP appropriation, but at least \$17.5 million, for the Colorado River Basin salinity control program. I request that adequate funds be appropriated for technical assistance and education activities directed to salinity control program participants.

*Statement*

The seven Colorado River Basin states, in response to the salinity issues addressed by Clean Water Act of 1972, formed the Colorado River Basin Salinity Control Forum (Forum). Comprised of gubernatorial appointees from the seven Basin states, the Forum was created to provide for interstate cooperation in response to the Clean Water Act, and to provide the states with information to comply with Sections 303 (a) and (b) of the Act. The Forum has become the primary means for the seven Basin states to coordinate with Federal agencies and Congress to support the implementation of the salinity control program.

The Colorado River Basin salinity control program was authorized by Congress in the Colorado River Basin Salinity Control Act of 1974. Congress amended the Act in 1984 to give new responsibilities to the Department of Agriculture. While retaining the Department of the Interior as the lead coordinator for the salinity control program, the amended Act recognized the importance of the Department of Agriculture operating under its authorities to meet the objectives of the salinity control program. Many of the most cost-effective projects undertaken by the salinity control program to date have occurred since implementation of the Department of Agriculture's authorization for the program.

Bureau of Reclamation studies show that damages from the Colorado River to United States water users are about \$300,000,000 per year. Damages are estimated at \$75,000,000 per year for every additional increase of 30 milligrams per liter in salinity of the Colorado River. It is essential to the cost-effectiveness of the salinity control program that Department of Agriculture salinity control projects be funded for timely implementation to protect the quality of Colorado River Basin water delivered to the Lower Basin States and Mexico.

Congress concluded, with the enactment of the Federal Agriculture Improvement and Reform Act of 1996 (FAIRA), that the salinity control program could be most effectively implemented as a component of the Environmental Quality Incentives Program (EQIP). The salinity control program, since the enactment of FAIRA, has not been funded at an adequate level to protect the Basin State-adopted and Environmental Protection Agency approved water quality standards for salinity in the Colorado River. Appropriations for EQIP have been insufficient to adequately control salt loading impacts on water delivered to the downstream states, and to Mexico pursuant to Minute No. 242 of the International Boundary and Water Commission, United States and Mexico.

EQIP subsumed the salinity control program without giving adequate recognition to the responsibilities of the Department of Agriculture to implement salinity control measures per Section 202 (c) of the Colorado River Basin Salinity Control Act. The EQIP evaluation and project ranking criteria target small watershed improvements that do not recognize that water users hundreds of miles downstream are significant beneficiaries of the salinity control program. Proposals for EQIP funding are ranked in the states of Utah, Wyoming and Colorado under the direction of the respective State Conservationists without consideration of those downstream, particularly out-of-state, benefits.

Following recommendations of the Basin States, the Department of Agriculture's Natural Resources Conservation Service (NRCS) designated the Colorado River Basin an "area of special interest" including earmarked funds for the salinity control program. The NRCS concluded that the salinity control program is different from the small watershed approach of the EQIP program. The watershed for the salinity control program stretches almost 1,200 miles, from the headwaters of the river through the salt-laden soils of the Upper Basin to the river's termination at the Gulf of California in Mexico. NRCS is to be commended for its efforts to comply with the Department of Agriculture's responsibilities under the Colorado River Basin Salinity Control Act of 1974. Irrigated agriculture in the Upper Basin realizes significant local benefits of the salinity control program and agricultural producers have succeeded in submitting cost-effective proposals to NRCS.

However, the Basin States, including New Mexico, have been very dismayed that funding for EQIP has been inadequate since the enactment of FAIRA in 1996. Several years of inadequate Federal funding for the Department of Agriculture have resulted in the Forum finding that the salinity control program needs to be accelerated to maintain the water quality criteria of the Colorado River water quality standards for salinity. Since the enactment of FSRIA in 2002, an opportunity to adequately fund the salinity control program exists for the first time since the enactment of FAIRA.

The Basin States contribute about \$4.3 million in up-front cost sharing and local farms contribute an estimated \$3.9 million to match the NRCS earmarked funds of about \$10 million in the fiscal year 2002. State and local cost sharing is triggered by and indexed to the Federal appropriation. The requested funding of at least \$17.5 million for fiscal year 2004 will continue to be needed each year for at least the next few fiscal years.

The Department of Agriculture projects have proven to be the most cost-effective component of the salinity control program. The Department of Agriculture has indicated that a more adequately funded EQIP program would result in more funds being allocated to the salinity program. The Basin States have cost sharing dollars available to participate in on-farm salinity control efforts. The agricultural producers in the Upper Basin are willing to cost-share their portion and waiting for adequate funding for their applications to be considered.

I urge the Congress to appropriate at least \$1 billion from the CCC in fiscal year 2004 for EQIP. Also, I request that Congress designate 2.5 percent of the EQIP appropriation, but at least \$17.5 million, for the Colorado River Basin salinity control program.

Finally, I request that adequate funds be appropriated to NRCS technical assistance and education activities for the salinity control program participants, rather than requiring the NRCS to borrow funds from CCC for these direly needed and under funded support functions. Recent history has shown that inadequate funding for NRCS technical assistance and education activities has been a severe impediment to successful implementation of the salinity control program. The Basin States parallel funding program, implemented as a means of cost sharing with NRCS, expends 40 percent of the states' funds available to meet the needs of NRCS for technical assistance and education activities. I urge the appropriation of adequate funds for these essential activities.

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#### PREPARED STATEMENT OF THE NORTHWEST INDIAN FISHERIES COMMISSION

Mr. Chairman and Members of the Committee, I am Billy Frank, Jr., Chairman of the Northwest Indian Fisheries Commission (NWIFC), and on behalf of the twenty-Western Washington member Tribes, I submit this request for appropriations to support the research, sanitation and marketing of Tribal shellfish products. We request the following:

- \$500,000 to support seafood marketing costs which will assist the tribes in fulfilling the commercial demands for their shellfish products both domestically and abroad;
- \$1,000,000 to support water and pollution sampling, sampling and research for paralytic shellfish poisoning and coordination of research projects with State agencies; and,
- \$1,000,000 to support data gathering at the reservation level for the conduct of shellfish population surveys and estimates.

#### *Treaty Shellfish Rights*

As with salmon, the tribes' guarantees to harvest shellfish lie within a series of treaties signed with representatives of the Federal Government in the mid-1850s.

In exchange for the peaceful settlement of what is today most of Western Washington, the tribes reserved the right to continue to harvest finfish and shellfish at their usual and accustomed grounds and stations. The tribes were specifically excluded from harvesting shellfish from areas “staked or cultivated” by non-Indian citizens. Soon after they were signed, the treaties were forgotten or ignored.

The declining salmon resource in the Pacific Northwest negates the legacy Indian people in Western Washington have lived by for thousands of years. We were taught to care for the land and take from it only what we needed and to use all that we took.

We depended on the gifts of nature for food, trade, culture and survival. We knew when the tide was out, it was time to set the table because we live in the land of plenty; a paradise complete. Yet, because of the loss of salmon habitat, which is attributable to overwhelming growth in the human population, a major Pacific coastal salmon recovery effort ensues. Our shellfish resource is our major remaining fishery.

At least ninety types of shellfish have been traditionally harvested by the Tribes in Western Washington and across the continent Indian people have called us the fishing Tribes because of our rich history of harvesting and caring for finfish and shellfish. Our shellfish was abundant and constituted a principal resource of export, as well as provided food to the Indians and the settlers, which greatly reduced the living expenses.

Shellfish remain important for subsistence, economic, and ceremonial purposes. With the rapid decline of many salmon stocks, due to habitat loss from western Washington’s unrelenting populous growth, shellfish harvesting has become a major factor in tribal economies.

The tribes have used shellfish in trade with the non-Indian population since the first white settlers came into the region a century and a half ago. Newspaper accounts from the earliest days of the Washington Territory tell of Indians selling or trading fresh shellfish with settlers. Shellfish harvested by members of western Washington’s Indian tribes is highly sought after throughout the United States and the Far East. Tribal representatives have gone on trade missions to China and other Pacific Rim nations where Pacific Northwest shellfish—particularly geoduck—is in great demand. Trade with the Far East is growing in importance as the tribes struggle to achieve financial security through a natural resources-based economy.

Treaty language pertaining to tribal shellfish harvesting included this section:

“The right of taking fish at usual and accustomed grounds and stations is further secured to said Indians, in common with all citizens of the United States; and of erecting temporary houses for the purposes of curing; together with the privilege of hunting and gathering roots and berries on open and unclaimed lands. Provided, however, that they not take shell-fish from any beds staked or cultivated by citizens.”

*(Treaty with the S’Klallam, January 26, 1855)*

In exchange for the peaceful settlement of what is today most of western Washington, the tribes reserved the right to continue to harvest finfish and shellfish at all of their usual and accustomed grounds and stations. The tribes were specifically excluded from harvesting shellfish from areas “staked or cultivated” by non-Indian citizens.

Tribal efforts to have the Federal Government’s treaty promises kept began in the first years of the 20th Century when the United States Supreme Court ruled in *U.S. v. Winans*, reaffirming that where a treaty reserves the right to fish at all usual and accustomed places, a state may not preclude tribal access to those places.

Sixty years later, the tribes were again preparing for battle in court. After many years of harassment, beatings and arrests for exercising their treaty-reserved rights, western Washington tribes took the State of Washington to Federal court to have their rights legally re-affirmed. In 1974, U.S. District Court Judge George Boldt ruled that the tribes had reserved the right to half of the harvestable salmon and steelhead in western Washington.

The “Boldt Decision,” which was upheld by the U.S. Supreme Court, also re-established the tribes as co-managers of the salmon and steelhead resources in western Washington.

As a result of this ruling, the tribes became responsible for establishing fishing seasons, setting harvest limits, and enforcing tribal fishing regulations. Professional biological staffs, enforcement officers, and managerial staff were assembled to ensure orderly, biologically-sound fisheries.

Beginning in the late 1970s, tribal and state staff worked together to develop comprehensive fisheries that ensured harvest opportunities for Indian and non-Indian alike, and also preserved the resource for generations to come.

It was within this new atmosphere of cooperative management that the tribes sought to restore their treaty-reserved rights to manage and harvest shellfish from all usual and accustomed areas. Talks with their state counterparts began in the mid-1980s, but were unsuccessful. The tribes filed suit in Federal court in May 1989 to have their shellfish harvest rights restored.

The filing of the lawsuit brought about years of additional negotiations between the tribes and the state. Despite many serious attempts at reaching a negotiated settlement, the issue went to trial in May 1994.

In 1994, District Court Judge Edward Rafeedie upheld the right of the treaty tribes to harvest 50 percent of all shellfish species in their Usual and Accustomed fishing areas. Judge Rafeedie also ordered a shellfish Management Implementation Plan that governs tribal/state co-management activities.

After a number of appeals, the U.S. 9th Circuit Court of Appeals let stand Rafeedie's ruling in 1998. Finally, in June 1999, the U.S. Supreme Court denied review of the District court ruling, effectively confirming the treaty shellfish harvest right.

*Assist the Tribes in Marketing Efforts to Fulfill the Demands for their Shellfish Products, \$500,000*

Shellfish harvested by members of Western Washington Indian Tribes are of extreme quality and are highly sought after throughout the United States, Europe and the Far East. Unfortunately, because Tribes are not centrally organized and it is the individual tribal fisher who harvests the resource, such markets have never fully materialized.

We request \$500,000, which will assist the Tribes in promoting our shellfish products, both in domestic and international markets. Tribes anticipate the need to provide necessary health training to harvesters, possibly develop cooperative seafood ventures, develop marketing materials and engage in actual marketing operations. Specific earmarked funding from the Committee can jump start tribal efforts in these areas. We also anticipate participating in intertribal consortiums that generally promote tribal products, and urge the Committee to support necessary funding for those efforts. Funding from the Committee will allow the tribes to realize the fair value for their product, help employ more tribal members, and allow the tribes to fulfill their treaty rights.

*Water and Pollution Sampling, Sampling and Research for Paralytic Shellfish Poisoning and Coordination of Research Projects with State and Federal Agencies, \$1,000,000*

Shellfish growing areas are routinely surveyed for current or potential pollution impacts and are classified based on the results of frequent survey information. No shellfish harvest is conducted on beaches that have not been certified by the tribes and the Washington Department of Health. Growing areas are regularly monitored for water quality status and naturally-occurring biotoxins to protect the public health.

However, both Tribal and non-Indian fisheries have been threatened due to the lack of understanding about the nature of biotoxins, especially in subtidal geoduck clams. Research targeted to better understand the nature of biotoxins could prevent unnecessary illness and death that may result from consuming toxic shellfish, and could prevent unnecessary closure of tribal and non-Indian fisheries.

*Data Gathering at the Reservation Level for the Conduct of Shellfish Population Surveys and Estimates, \$1,000,000*

Very little current data and technical information exists for many of the shellfish fisheries now being jointly managed by state and Tribal managers. This is particularly true for many free-swimming and deep-water species. This lack of information can not only impact fisheries and the resource as a whole, but makes it difficult to assess 50/50 treaty sharing arrangements. Additionally, intertidal assessment methodologies differ between state and tribal programs, and can lead to conflicts in management planning.

Existing data systems must be enhanced for catch reporting, population assessment and to assist enhancement efforts. Research on methodology for population assessment and techniques also is critical to effective management.

Onsite beach surveys are required to identify harvestable populations of shellfish. Regular monitoring of beaches is also necessary to ensure that the beaches remain safe for harvest. Additional and more accurate population survey and health certification data is needed to maintain these fisheries and open new harvest areas. This information will help protect current and future resources and provide additional harvest opportunities.

*Conclusion*

We ask that you give serious consideration to our needs. We are available to discuss these requests with committee members or staff at your convenience. Thank you.

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PREPARED STATEMENT OF THE OKLAHOMA FARMERS UNION FARM AND RURAL PROGRAMS COORDINATOR, NATIONAL FIRE ANT STRATEGY DEVELOPMENT, AND OKLAHOMA FIRE ANT RESEARCH AND MANAGEMENT ADVISORY COMMITTEE

For the last several years I have submitted testimony on behalf of finding solutions that are economically viable to manage fire ants. In that time the number of acres, counties and states have continued to grow. Also, in that time has come great hope for finding a solution to control the fire ant pest. As an agriculture producer stakeholder and as a parent I have a keen interest in moving forward with the research as quickly as possible.

Fire ants are a frequent topic of conversation among the 100,000 plus family memberships that make-up the Oklahoma Farmers Union. Our membership is comprised of agriculture producers, rural neighbors and urban cousins—if you will. We represent this membership in three areas of legislative activity, cooperative development and educational opportunity as well as provide property and casualty and life insurance services to our membership. We are also the driving force to ensure that fire ant research is included in our national organization policy. And, we have organized an educational session for Congressman, staff and other key people on Capitol Hill with ARS presenting a fire ant research update.

Our membership is very interested in this issue and as soon as the warmth returns to the state in the next few weeks the calls will start and our membership will want to know what we are doing about controlling the fire ant. I am always pleased to let them know the progress that is being made with ARS in cooperation with the land grant universities. But, we must do more and the only way to do that is with additional resources.

While fire ants have been around for decades as a result of importation into Alabama from South America, this non-native pest has spread further and caused far more destructive damage than ever envisioned. Just a few decades ago, it was never anticipated that these pests would expand so far north and encompass so many states and such a great population. Yet, today there are no signs of any slow-down and the impacted constituencies continue to grow. The red imported fire ant now infests and requires APHIS quarantine in over 321 million acres in 13 states and Puerto Rico. And, the counties and states continue to be added. Since the first of the year additional counties in Tennessee have been added with some counties revised to indicate complete infestation. The total annual fire ant losses to households, business, schools, government and military are estimated at \$6 billion. Total fire ant losses to agriculture alone are estimated at almost \$900 million annually. If we were to treat with conventional chemicals all infested land in the U.S., the cost would be between \$6 billion to \$12 billion per year.

My interest in fire ants first came in 1985 when the imported red fire ants first crossed the border in Southeastern Oklahoma. As a U.S. House of Representatives Associate Appropriations Staff member for the House Agriculture and Rural Development Subcommittee, I drafted questions asked of ARS as to the status of research regarding the control or eradication of fire ants as a few constituents began to call from the district.

In recent years, it has become much more personal now that imported red fire ants has spread to the mid-south central area of the state and to my farm and home. Our agriculture operation is split with part being in a quarantined county and part in a non-quarantined county. By the most stringent interpretation of the law, I cannot feed cattle in a non-quarantined county with hay produced in a quarantined county even though the pasture may be just across the road. The fire ant infestations have resulted in an economic impact on us as well because it impacts where we can sell the hay.

And, equally important is our quality of life. I have two young daughters—Courtney is 7 years old and Sarah is 2 years and they both love playing outside but it is different today than when I grew up. Today we must watch for the new danger of fire ants whether recreation or work is involved.

With the increased activity in my area my interest gained in the issue and just a few years ago I made contact with the Gainesville fire ant research team presenting at the Southern Legislative Conference in Oklahoma City, a conference for state legislators across the south. From that initial meeting, we worked together with a variety of state cooperators including Oklahoma, Texas, South Carolina and

Alabama to create a national strategy for dealing with fire ants. While many research components existed, a comprehensive national focus and strategy did not. That plan has applied the tools and the science that these extremely talented people had been working so diligently on in recent years

Recently, I participated in the USDA-ARS National Fire Ant Program Review in New Orleans which are held every five years with stakeholders. I am excited about the direction taken by ARS with fire ant work. While not totally discounting chemicals, the scope is to use all tools at their disposal to combat the enemy. Non-native bio-controls such as phorid flies, existing bio-controls such as fire ant pathogens within fire ant populations, native ant species and chemical bait applications are all part of the integrated approach. We must find a means to reduce the expense to producers when treating for fire ants. Past history has shown that a chemical application approach alone isn't economically feasible nor responsible for the impact on the environment unless we do find the magic formula that will not impact the environment and be cost efficient. The research represents efforts to provide self-sustaining, limited or non-pesticidal, biologically based control tactics for a serious medical, veterinary, and agricultural pest, which would be safe and effective in urban, agricultural and natural ecosystems.

With success in the laboratory and small sites around Florida, the research has expanded to cooperators across the south. As a result of the success, mass rearing facilities for the phorid flies are coming on-line much like the mass rearing done with the successful screwworm program. In Oklahoma, considered the northern reach of the experiment process, we are encouraged that we have seen multiple generations of parasitic phorid flies in the field and we are anxious to see if they survived the winter.

The research being conducted in this area speaks to the confidence that colleagues of the scientists have in them and as a result this program is one of a handful of initiatives to receive additional funds based on the peer review recommendation process. The Area-Wide Suppression of Fire Ant Populations in Pastures is expected to run 4-5 years. This area wide management project uses permanently established bio-control agents and reduced chemical pesticide applications to maintain the fire ant population below economic damage thresholds. Specific objectives are to: Release and spread natural enemies for fire ants—decapitating flies and *Thelohania* fire ant disease; Area wide reduction of fire ant populations by 80 percent using natural enemies; Save at least \$5 billion a year in cost of fire ant control and damage for agricultural producers, businesses, homeowners, government and military; Reduce reliance on repeated applications of insecticide for fire ant control; and Restore ecological balance in the natural environment. This project aims to demonstrate and transfer to the public, management strategies for the imported fire ant. If successful, this will return money to my pocket book and impact my families' quality of life.

An area not yet fully tapped in research of the control of fire ants is to identify viruses that can be used in the weapons of war against this enemy. Hopefully, funds can be found to bring on a molecular biologist to the team to further target this area.

I commend the Congress for providing additional funds for fire ants to the Biological Control of Pests Research Unit in Stoneville, Mississippi. These funds will greatly assist in the mass rearing of phorid flies that are showing great hope as one means leading to helping in the control process. However, the location charged with the overall mission of fire ant research has not seen a congressional increase in 30 years for this effort. Our request is that you increase the research base of the Imported Fire Ant Unit at the Center for Medical, Agricultural & Veterinary Entomology in Gainesville, Florida by a total of \$800,000.

The available base for this research mission has actually been dropping steadily and we are in a position today where the critical mass of only a few experienced scientist' remain at Gainesville. Investing in the basic applied research at this location is key to the success at all other work at ARS and land grant locations related to the issue. Let's not stop at this point. Biological methods for treatment of fire ants are working! While it is exciting that we are finally making more progress on fire ants in the last few years than we have for the entire time that fire ants has plagued this country—continued success requires one key ingredient—adequate funding.

We would strongly encourage you to provide the appropriate funding of \$2 million annually to Gainesville by adding \$800,000 to the ARS budget base for such a nationally biologically-based integrated management strategy that includes a partnership of both USDA-ARS, state land-grant universities, state legislatures and the private sector.

In conclusion, I appreciate the opportunity to submit testimony on behalf of the grassroots agriculture producers across the south that struggle each day to make a viable living and home for their families. Thank you

PREPARED STATEMENT OF THE ORGANIZATION FOR THE PROMOTION AND  
ADVANCEMENT OF SMALL TELECOMMUNICATIONS COMPANIES

SUMMARY OF REQUEST

The Organization for the Promotion and Advancement of Small Telecommunications Companies (OPASTCO) seeks the Subcommittee's support for fiscal year 2004 loan levels for the telecommunications loans program and Rural Telephone Bank (RTB) program administered by the Rural Utilities Service (RUS) in the following amounts:

[In millions of dollars]

5 percent hardship loans .....	145
Treasury rate loans .....	250
Guaranteed loans .....	100
RTB loans .....	175

In addition, OPASTCO requests the following action by the Subcommittee: (1) a prohibition on the transfer of unobligated RTB funds to the general fund of the Treasury and a requirement that interest be paid on these funds; (2) funding of the distance learning, telemedicine, and broadband grant and loan programs at sufficient levels; and (3) removal of the prohibition on rural communities located in standard metropolitan statistical areas from participating in the broadband loan program.

GENERAL

OPASTCO is a national trade association of approximately 500 small telecommunications carriers serving primarily rural areas of the United States. Its members, which include both commercial companies and cooperatives, together serve over 2.6 million customers in 42 states. Approximately half of OPASTCO's members are RUS or RTB borrowers.

Perhaps at no time since the inception of the RUS (formerly the REA) has the telecommunications loans and RTB programs been so vital to the future of rural America. The telecommunications industry is at a crossroads, both in terms of technology and public policy. Rapid advances in telecommunications technology in recent years have already begun to deliver on the promise of a new "information age." The Federal Communications Commission's (FCC) ongoing implementation of the landmark Telecommunications Act of 1996, as well as modernization resulting from prior statutory changes to RUS's lending program, will expedite this transformation. In addition, both Federal and State policymakers have made deployment of advanced telecommunications services a top priority. However, without continued support of the telecommunications loans and RTB programs, rural telephone companies will be hard pressed to build the infrastructure necessary to bring their communities into this new age, creating a bifurcated society of information "haves" and "have-nots."

Contrary to the belief of some critics, RUS's job is not finished. Actually, in a sense, it has just begun. We have entered a time when advanced services and technology—such as broadband fiber optics, high-speed packet and digital switching equipment, and digital subscriber line technology—are expected by customers in all areas of the country, both urban and rural. Unfortunately, the inherently higher costs of upgrading the rural wireline network, both for voice and data communications, has not abated.

Rural telecommunications continues to be more capital intensive and involves fewer paying customers than its urban counterpart. Nationally, the average population density in areas served by rural carriers is only about 13 persons per square mile. This compares to a national average population density of 105 persons per square mile in areas served by non-rural carriers. The FCC's February 2002 report on the deployment of advanced telecommunications capability noted that a positive correlation persists between population density and the presence of subscribers to high-speed services. Indeed, the report stated that there are high-speed subscribers in 97 percent of the most densely populated zip codes but in only 49 percent of the zip codes with the lowest population densities. In order for rural telephone compa-

nies to modernize their networks and provide consumers with advanced services at reasonable rates, they must have access to reliable low-cost financing.

The relative isolation of rural areas increases the value of telecommunications services for these citizens. Telecommunications enables applications such as high-speed Internet connectivity, distance learning, and telemedicine that can alleviate or eliminate some rural disadvantages. A modern telecommunications infrastructure can also make rural areas attractive for some businesses and result in revitalization of the rural economy. For example, businesses such as telemarketing and tourism can thrive in rural areas, and telecommuting can become a realistic employment option.

While it has been said many times before, it bears repeating that RUS's telecommunications loans and RTB programs are not grant programs. The funds loaned by RUS are used to leverage substantial private capital, creating public/private partnerships. For a very small cost, the government is encouraging tremendous amounts of private investment in rural telecommunications infrastructure.

Most importantly, the programs are tremendously successful. Borrowers actually build the infrastructure and the government is reimbursed with interest. There has never been a default in the history of the telecommunications lending programs.

THE TELECOMMUNICATIONS ACT OF 1996 HAS HEIGHTENED THE NEED FOR THE RUS AND RTB LOAN PROGRAMS

The FCC's implementation of the Telecommunications Act of 1996 will only increase rural telecommunications carriers' need for RUS assistance in the future. The forward-looking Act defines universal service as an evolving level of telecommunications services that the FCC must establish periodically, taking into account advances in telecommunications and information technologies and services. The FCC is currently seeking comment on the recommended decision of the Federal-State Joint Board on Universal Service regarding the list of services supported by the high-cost universal service program. RUS has an essential role to play in the implementation of the law, as it will compliment support mechanisms established by the FCC, thus enabling rural America to move closer to achieving the Federally mandated goal of rural/urban service and rate comparability.

A \$175 MILLION LOAN LEVEL SHOULD BE MAINTAINED FOR THE RTB PROGRAM

As previously discussed, the RTB's mission has not been completed as rural carriers continue to rely on this important source of supplemental financing in order to provide their communities with access to the next generation of telecommunications services. Pursuant to Section 305(d)(2)(B) of the Rural Electrification (RE) Act, Treasury rate loans are to be made concurrently with RTB loans. Thus, if lending is not authorized for the RTB, the overall telecommunications loans program will be significantly reduced, to the detriment of rural Americans. The ongoing need for the RTB program makes it essential to maintain a \$175 million loan level for fiscal year 2004.

THE PROHIBITION ON THE TRANSFER OF ANY UNOBLIGATED BALANCE OF THE RTB LIQUIDATING ACCOUNT TO THE TREASURY AND REQUIRING THE PAYMENT OF INTEREST ON THESE FUNDS SHOULD BE CONTINUED

OPASTCO urges the Subcommittee to reinstate language prohibiting the transfer of any unobligated balance of the RTB liquidating account to the Treasury or the Federal Financing Bank which is in excess of current requirements and requiring the payment of interest on these funds. As a condition of borrowing, the statutory language establishing the RT13 requires telephone companies to purchase Class B stock in the bank. Borrowers may convert Class B stock into Class C stock on an annual basis up to the principal amount repaid. Thus, all current and former borrowers maintain an ownership interest in the RTB. As with stockholders of any concern, these owners have rights which may not be abrogated. The Subcommittee's inclusion of the aforementioned language into the fiscal year 2004 appropriations bill will ensure that RT13 borrowers are not stripped of the value of this required investment.

THE DISTANCE LEARNING, TELEMEDICINE, AND BROADBAND PROGRAMS SHOULD CONTINUE TO BE FUNDED AT ADEQUATE LEVELS

In addition to RUS's telecommunications loans and RTB programs, OPASTCO supports adequate funding of the distance learning, telemedicine, and broadband grant and loan programs. Through distance learning, rural students gain access to advanced classes which will help them prepare for college and jobs of the future.

Telemedicine provides rural residents with access to quality health care services without traveling great distances to urban hospitals. In addition, the broadband program will allow more rural communities to gain high-speed access to the Internet and receive other advanced services. In light of the Telecommunications Act's purpose of encouraging deployment of advanced technologies and services to all Americans—including schools and health care providers—sufficient targeted funding for these purposes is essential in fiscal year 2004.

THE PROHIBITION ON RURAL COMMUNITIES LOCATED IN STANDARD METROPOLITAN STATISTICAL AREAS FROM PARTICIPATING IN THE BROADBAND LOAN PROGRAM SHOULD BE REMOVED

Last year, Congress passed the Farm Security and Rural Investment Act of 2002. That Act added new Title VI to the RE Act, which established a broadband loan program. Under Section 601(b)(2) of Title VI, in order for a rural community to be eligible for the program, the community cannot: (a) have more than 20,000 inhabitants, and (b) be located in an area designated as a standard metropolitan statistical area (SMSA). Through these criteria, it is reasonable to assume that Congress was attempting to distinguish between urban and rural areas and to exclude those areas that are obviously urban. Unfortunately, the second criterion that excludes areas located within SMSAs would encompass many rural communities with less than 20,000 inhabitants—perhaps more than 40 percent of such areas. Certainly, Congress did not intend to automatically exclude so many small communities of America from a program designed to facilitate deployment of broadband technology in rural areas. In addition, the Bureau of the Census has not recognized the SMSA designation since before 1990, making it practically impossible to interpret this exclusionary provision. Therefore, OPASTCO urges the Subcommittee to remove this criterion so that more rural Americans can reap the benefits of broadband technology.

CONCLUSION

The development of the nationwide telecommunications network into an information superhighway, as envisioned by policymakers, will help rural America survive and prosper in any market—whether local, regional, national, or global. However, without the availability of low-cost RUS funds, building the information superhighway in communities that are isolated and thinly populated will be untenable. By supporting the RUS telecommunications programs at the requested levels, the Subcommittee will be making a significant contribution to the future of rural America.

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PREPARED STATEMENT OF THE PARTNERSHIP FOR FOOD SAFETY EDUCATION

As your Subcommittee prepares for its fiscal year 2004 appropriations process, we are writing to request your help in advancing a funding item in which all of us have a strong interest—helping ensure that Americans are educated about and protected from foodborne illnesses and diseases. In order to develop an appropriate food safety education program that will benefit consumers and prepare them for a potential bioterrorist attack, as well as protect themselves from the threats posed by common foodborne pathogens, the Partnership for Food Safety Education (“Partnership”) requests \$1.3 million in new funding within the Food and Drug Administration account of the fiscal year 2004 Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Bill.

As you well know, foodborne illness is a serious public health problem. The Partnership, a non-profit, public-private partnership composed of consumer groups and national food industries, in liaison with Federal agencies, will work to establish an educational program that will provide current information to educate individuals about food safety issues. Although provisions are in place to protect our food supply from acts of terror, there is not a communications program available to educate the American public on how to be prepared in the event of a bioterrorist attack. By coordinating the efforts of the public and private sectors, the Partnership can develop and manage a food safety education program to assist in this important task.

The Partnership is an ideal model of how consumer groups, industry, and government agencies can work together for the good of the American people. Since its formation in 1997, the Partnership has demonstrated its ability to educate consumers about proper safe food handling. Based on this experience and using its existing structure, the Partnership can develop research-based consumer messages to inform

and educate the American people, through their local governments, regarding potential threats to the food supply.

Although most consumers are concerned about food safety, many Americans today have inadequate knowledge about basic sanitation and food handling steps that can greatly reduce the risk of foodborne illness. To address this knowledge gap, in October 1997, the Partnership launched a nationwide consumer education campaign called Fight BAC!® (bacteria). This campaign has been an enormous success, with the Partnership coordinating thousands of community organizations and retail centers to educate consumers. These campaigns have allowed the Partnership to educate over one quarter of the U.S. population in an effort to reduce the incidents of foodborne illnesses in our country, the requested funding, the Partnership will be able to further protect the American people from foodborne illness and disease, regardless of its source.

As always, we are grateful for your interest in promoting food safety. Please do not hesitate to contact us if you have any questions regarding this request for funding under the fiscal year 2004 Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Bill.

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PREPARED STATEMENT OF PEOPLE FOR THE ETHICAL TREATMENT OF ANIMALS (PETA)

People for the Ethical Treatment of Animals (PETA) is the world's largest animal rights organization, with more than 750,000 members and supporters. We greatly appreciate this opportunity to submit testimony regarding the fiscal year 2004 appropriations for the Food and Drug Administration (FDA). Our testimony will focus on chemical tests allowed or required by the FDA to be conducted on animals.

As you may know, the FDA requires substances such as drugs, medicated skin creams, and others to be tested for their rates of skin absorption, skin irritation, phototoxicity, and/or pyrogenicity (potential to cause fever). Traditionally, these tests involve smearing chemicals on animals' shaved backs (often causing painful lesions), or injecting a substance into an animal's bloodstream (often causing breathing problems, organ failure, or fatal shock).

Fortunately, there are non-animal test methods that are just as effective, if not more so. Various tissue-based methods have been accepted in Europe as total replacements for skin absorption studies in living animals. Government regulators in Canada accept the use of a skin-patch test in human volunteers as a replacement for animal-based skin irritation studies (for non-corrosive substances free of other harmful properties). The Organization for Economic Cooperation and Development (OECD), of which the U.S. is a key member, has accepted a cell culture test for light-induced ("photo") toxicity, and a test using donated human blood has been validated in Europe as a total replacement for animal-based fever, or pyrogenicity, studies.

However, the FDA continues to require the use of animals for all four of these endpoints, despite the availability of non-animal tests.

We respectfully request that the subcommittee include report language ensuring that no funds for the FDA (including salaries or expenses of personnel) may be used for the purpose of assessing data from an animal-based test method when a non-animal test for the desired endpoint has been validated and/or accepted by the OECD or its member countries.

*Animal tests cause immense suffering*

Traditionally, the rate at which a chemical is able to penetrate the skin has been measured by shaving the backs of rats and smearing the substance on them for an exposure period of up to 24 hours. They are eventually killed, and their skin, blood, and excrement are analyzed. A similar method is used to test for skin irritation, except it usually done to rabbits, who are locked in full-body restraints. A test chemical is applied to their shaved backs, and the wound site is then covered with a gauze patch for normally four hours. A chemical is considered to be an irritant if it causes reversible skin lesions or other clinical signs, which heal partially or totally by the end of a 14-day period. Phototoxic chemicals cause inflammation of the skin when applied to skin that is subsequently exposed to sunlight or ultraviolet radiation. To test for phototoxicity, a similar body-restraint, shaved-back procedure is used, but this time it is mice and guinea pigs who are the subjects, and they are kept restrained for several days while enduring the pain, swelling, and sores that develop on their skin. Pyrogenicity is the potential of a substance to cause fever and inflammation. Once again, the traditional pyrogenicity test method involves locking rabbits in full-body restraints. After having a test substance injected into their bloodstream, the rabbits can suffer fever, breathing problems, circulatory and organ

failure, and fatal shock. Animals used in the above tests are not given any painkillers.

*These tests have never been proven to be relevant to humans*

None of the animal tests currently used for skin absorption, irritation, phototoxicity, or pyrogenicity has ever been scientifically validated for its reliability or relevance to human health effects. Animal studies yield highly variable data and are often poor predictors of human reactions. For example, one study, which compared the results of rabbit skin irritation tests with real-world human exposure information for 65 chemicals, found that the animal test was wrong nearly half (45 percent) of the time in its prediction of a chemical's skin damaging potential (Food & Chemical Toxicology, Vol. 40, pp. 573-92, 2002). For phototoxicity, the animal-based tests have never even been codified into a standardized test guideline, meaning that the protocols can vary widely from laboratory to laboratory, rendering the results virtually uninterpretable. There are well-documented drawbacks to the rabbit pyrogen test, including marked differences in sensitivity between species and strains of rabbits.

*Validated methods exist which do not harm animals*

Fortunately, test methods have been found to accurately predict skin absorption, irritation, phototoxicity and pyrogenicity without harming animals.

The absorption rate of a chemical through the skin can be measured using skin from a variety of sources (e.g. human cadavers). The reliability and relevance of these in vitro methods have been thoroughly established through a number of international expert reviews, and have been codified and accepted as an official test guideline of the OECD.

Instead of animal-based skin irritation studies, government regulators in Canada accept the use of a skin-patch test using human volunteers. (The chemical is first determined to be non-corrosive and free of other harmful properties before being considered for human studies.)

A cell culture test has been validated in Europe and accepted at the international level as a total replacement for animal-based phototoxicity studies. The 3T3 Neutral Red Uptake Phototoxicity Test involves exposing cells to a test chemical in the presence and absence of light, and cell viability is measured by the degree to which they are able to absorb the dye, neutral red. This method is the only test for phototoxicity that has been accepted as an official test guideline of the OECD, yet the FDA continues to use thousands of animals to test for phototoxicity.

Using human blood donated by healthy volunteers, an in vitro pyrogen test has been validated in Europe as a total replacement for animal-based pyrogenicity studies.

*Non-animal test methods can save time, money, and yield more useful results*

Tissue culture methods to test for skin absorption allow researchers to study a broader range of doses, including those at the actual level of exposure that occurs in the occupational or ambient environment, which is not possible with the animal-based method.

Many non-animal methods can yield results with greater sensitivity and at a lower cost than animal-based methods. Protocols are more easily standardized, and the variations among strains and species are no longer a factor.

*The FDA continues to require the use of animals*

Despite the ethical, financial, efficiency, and scientific advantages of the above non-animal methods, the FDA continues to require and accept the unnecessary use of animals in tests for skin absorption, irritation, phototoxicity, and pyrogenicity.

*Summary*

Non-animal methods are available now to replace animal-based methods to test substances for skin absorption, irritation, phototoxicity, and pyrogenicity. There simply is no excuse for continuing to cause animals to suffer when non-animal tests are available.

We therefore hereby request, on behalf of all Americans who care about the suffering of animals in toxicity tests, that you please include language in the report accompanying the fiscal year 2004 Agriculture, Rural Development, Food and Drug Administration and Related Agencies bill stating that no funds for the FDA (including salaries or expenses of personnel) may be used for the purpose of assessing data from an animal-based test method when a non-animal test for the desired endpoint has been validated and/or accepted by the OECD or its member countries.

Thank you for your consideration of our request.

## PREPARED STATEMENT OF THE RED RIVER VALLEY ASSOCIATION

Mr. Chairman and members of the Committee, I am Wayne Dowd, and I am pleased to represent the Red River Valley Association as its President. Our organization was founded in 1925 with the express purpose of uniting the citizens of Arkansas, Louisiana, Oklahoma and Texas to develop the land and water resources of the Red River Basin.

As an organization that knows the value of our precious water resources we support the most beneficial water and land conservation programs administered through the Natural Resources Conservation Service (NRCS). We understand that attention and resources must be given to our national security; however, we cannot sacrifice what has been accomplished on our nation's lands. NRCS programs are a model of how conservation programs should be administered and our testimony will address the needs of the nation as well as our region.

The President's fiscal year 2004 budget for NRCS indicates a decrease of \$142 million from fiscal year 2003. In reality NRCS is taking a major decrease in program funding and staff years. This reduction of direct funding is compounded by inadequate Technical Assistance (TA) funding for mandatory support to CCC Farm Bill programs. The fiscal year 2004 budget reflects a serious shortfall in services for landowner assistance that will not be available in fiscal year 2004. This is also reflected in the fact that NRCS manpower for fiscal year 2004 would have to decrease by 1,400 staff years. This is unacceptable.

This means that NRCS assistance to landowners will not be adequately funded, to the detriment of the agency and our natural resources. We would like to address several of the programs administered by NRCS. Failure to adequately fund these initiatives would reduce assistance to those who want it and the resources that need protection.

*Conservation Operations.*—This has been in steady decline, in real dollars, over the past several years. It has occurred partly as a result of funds being reduced from Conservation Operations to balance increases in technical assistance for mandatory conservation financial assistance programs.

The President's budget included \$774 million, which is a decrease of \$51 million from fiscal year 2003.

This reflects a decrease in "discretionary" Technical Assistance, which is compounded by inadequate funding of TA for mandatory Farm Bill programs. The TA shortfall, for mandatory programs, must come out of this account leaving little funds for discretionary use. This is far short of what is required to serve the needs of our nation's private lands. We request a total of \$800 million be appropriated For Conservation Technical Assistance, increasing Conservation Operations to \$975,000,000.

Conservation Technical Assistance is the foundation of technical support and a sound, scientific delivery system for voluntary conservation to the private users and owners of lands in the United States. It is imperative that we provide assistance to all "working lands" not just those fortunate few who are able to get enrolled in programs. Working lands are not just crops and pasture (commodity staples) but includes forests, wildlife habitat and coastal marshes. The problem is that NRCS personnel funded from "mandatory programs" can only provide technical assistance to those enrolled in these programs, leaving the majority of the agricultural community without technical assistance. We recommend that this funding for technical assistance be placed in "Conservation Technical Assistance", and allow NRCS to provide assistance to everyone.

We do not support the use of third party vendors for technical assistance as a replacement of career NRCS public servants rather than "in addition to". We would then have to address the question of quality assurance and administration for these programs. Why establish a new process that will ultimately cost more than using the in-house expertise that now exists and has proven to be successful? We believe third party vendors can be made available only after NRCS staffing is brought up to levels commensurate with the increase in workload caused by the Farm Bill.

*Watershed and Flood Prevention Operations (Public Law 566 & 534).*—We are greatly disappointed that the President's Budget provided only \$45,000,000 for watershed operations. There is no doubt that this is a Federal responsibility, as well as for the local sponsor. We ask our legislators to support the local sponsors in this national issue. This funding level is too low to support a national program, as important as this one.

We are very appreciative for the funding level of \$110 million enacted in the fiscal year 2003 appropriations bill. It is reassuring to know that both Houses of Congress realize the importance of this program to the agricultural community.

There are many new projects, which are awaiting funds for construction under this program. We strongly recommend that a funding level of \$200 million be appro-

riated for Watershed Operations, Public Law 534 (\$20 million) and Public Law 566 (\$180 million) programs.

*Walnut Bayou Irrigation Project, AR.*—This project received \$300,000 in the fiscal year 2003 appropriations. Plans and specifications have been completed and it is ready to proceed into the construction phase. An irrigation district has been formed and they are prepared to generate the income for the O&M required to support this project. We request that \$4,000,000 be appropriated for this specific project in fiscal year 2004.

*Red Bayou Irrigation Project, LA.*—The plans and specifications will be completed in fiscal year 2003 making this project ready for construction in fiscal year 2004. An irrigation district has been formed and prepared to collect funds to support the O&M for this proposed system. We request that \$2,500,000 be specifically appropriated for this project in fiscal year 2004.

The Red River has proven, through studies and existing irrigation, to be a great water source for supplemental irrigation. The two projects mentioned above, will use existing, natural bayous to deliver water for landowners to draw from. The majority of expense will be for the pump system to take water from the Red River to the bayous. This project will provide the ability to move from ground water dependency to surface water, an effort encouraged throughout the nation. Both will enhance the environmental quality and economic vitality of the small communities adjacent to the projects.

*Watershed Rehabilitation.*—More than 10,400 individual watershed structures have been installed nationally. They have contributed greatly to conservation, environmental protection and enhancement, economic development and the social well being of our communities. More than half of these structures are over 30 years old and several hundred are approaching their 50-year life expectancy. Today you hear a lot about the watershed approach to resource management. These programs offer a complete watershed management approach and should continue for the following reasons:

- They protect more people and communities from flooding than when they were first constructed.
- Their objectives and functions sustain our nation's natural resources for future operations.
- They are required to have local partners and be cost shared.
- The communities and NRCS share initiatives and decisions.
- They follow NEPA guidelines and enhance the environment.
- They often address the need of low income and minority communities.
- The benefit to cost ratio for this program has been evaluated to be 2.2:1.

What other Federal program can claim such success?

There is no questioning the value of this program. The cost of losing this infrastructure exceeds the cost to reinvest in our existing watersheds. Without repairing and upgrading the safety of existing structures, we miss the opportunity to keep our communities alive and prosperous. It would be irresponsible to dismantle a program that has demonstrated such great return and is supported by our citizens. We cannot wait for a catastrophe to occur where life is lost to decide to take on this important work.

A 1999 survey, conducted in 22 states, showed that 2,200 structures are in need of immediate rehabilitation at an estimated cost of \$543 million. The President's budget neglects the safety and well being of our community needs by placing only \$10 million for this program. This is drastically lower than the levels authorized in the 2002 Farm Bill. We request that \$55 million be appropriated to provide financial and technical assistance to those watershed projects where sponsors are prepared to commence rehabilitation measures, as directed in the 2002 Farm Bill.

*Watershed Survey and Planning.*—In fiscal year 2003 \$11.2 million was appropriated to support this extremely important community program. NRCS has become a facilitator for the different community interest groups, state and Federal agencies. In our states such studies are helping identify resource needs and solutions where populations are encroaching into rural areas. The Administration decided to fund this program with only \$5 million. We strongly disagree with this low level and ask Congress to fund this important program at the appropriate level.

As our municipalities expand, the water resource issue tends to be neglected until a serious problem occurs. Proper planning and cooperative efforts can prevent problems and insure that water resource issues are addressed. We request this program be funded at a level of \$40 million.

—*Maniece Bayou Irrigation Project, AR.*—This is a project in its initial stage of planning. An irrigation district is being formed to be the local sponsor. This project transfers water from the Red River into Maniece Bayou where land-

owners would draw water for supplemental irrigation. We request that \$200,000 be appropriated to initiate the plans and specifications.

—*Lower Cane River Irrigation Project, LA.*—The transfer of water from the Red River to the Lower Cane River will provide opportunities for irrigation and economic development. Funds are needed to initiate a Cooperative River Basin Study. We request that \$300,000 be appropriated for this study.

*Emergency Watershed Protection Program.*—This program has traditionally been funded through Emergency Supplemental Appropriations and administered by NRCS through its Watershed and Flood Prevention Operations. It has traditionally been a zero budget line item, because it relies on a supplemental appropriation.

As our populations expand and shift, land use changes and intensifies. Impacts of severe weather events are becoming more intense on our communities, rivers and related eco-systems. These major weather events will have an adverse impact requiring urgent NRCS assistance. It is important that NRCS is prepared for a rapid response, not waiting for legislative action to provide funds for emergency work. With some funds available, they would be able respond immediately to an emergency when it occurs and not have to wait for an emergency supplemental to be passed.

We request that \$20 million be appropriated as “seed” funding to allow NRCS to react to an emergency while the full need is determined and added through a supplemental appropriation.

*Resource Conservation and Development (RC&D).*—This has always been a well-received program by the Administration. Their budget proposal of \$51 million is adequate to accomplish the needs of the Nation and we support this level of funding.

*Mandatory Accounts (CCC) Technical Assistance (TA).*—Request for assistance through the CCC programs has been overwhelming. Requests far exceed the available funds and place an additional workload on NRCS’s delivery system. Adequate funding for TA must be provided to administer these programs. Historically 19 percent of total program cost has been required.

The mandatory CCC programs for fiscal year 2004 have been appropriated at a level of \$3.9 billion. Only \$432 million (11 percent) has been allocated in TA for NRCS. NRCS will have to fund this TA requirement at a level of \$741 million. The short fall will have to come from the Conservation Operation account, which is unacceptable. This leaves little funding for discretionary assistance to landowners. We request that CCC Program budget TA at \$741 million (19 percent) and funds NOT be taken from the CO account to administer this program as Congress saw fit to do in the 2003 Omnibus Bill.

Over 70 percent of our land is privately owned. This is important in order to understand the need for NRCS programs and technical assistance. Their presence is vital to ensuring sound technical standards are met in conservation. These programs not only address agricultural production, but sound natural resource management. Without these programs and NRCS properly staffed to implement them, many private landowners will not be served adequately to apply conservation measures needed to sustain our natural resources for future generations.

There have been new clean water initiatives, but why do we ignore the agency that has a proven record for implementing watershed conservation programs? Congress must decide; will NRCS continue to provide the leadership within our communities to build upon the partnerships already established? It is up to Congress to insure NRCS is properly funded and staffed to provide the needed assistance to our taxpayers for conservation programs.

All these programs apply to the citizens in the Red River Valley and their future is our concern. The RRVA is dedicated to work toward the programs that will benefit our citizens and provide for high quality of life standards. We therefore request that you appropriate the requested funding within these individual programs, to insure our nation’s conservation needs are met.

I thank you for the opportunity to present this testimony on behalf of the members of the Red River Valley Association and we pledge our support to assist you in the appropriation process

*Grant Disclosure.*—The Red River Valley Association has not received any Federal grant, sub-grant or contract during the current fiscal year or either of the two previous fiscal years.

RED RIVER VALLEY ASSOCIATION FISCAL YEAR 2004 APPROPRIATIONS—NATURAL RESOURCES  
CONSERVATION SERVICE (NRCS)

[In thousands of dollars]

Discretionary accounts	Fiscal year 2003	RRVA request fiscal year 2004	President's budget fiscal year 2004
Conservation Operations .....	825,004	930,000	1 774,000
Watershed Protection & Flood Prevention Operations .....	110,000	200,000	45,000
Walnut Bayou Irrigation Project, AR .....	300	4,000	.....
Red Bayou Irrigation Project, LA .....	0	2,500	.....
Watershed Rehabilitation .....	30,000	55,000	10,000
Watershed Survey & Planning .....	11,197	40,000	5,000
Maniece Bayou Irrigation Project, AR .....	0	200	.....
Lower Cane River Irrigation Project, LA .....	New	300	.....
Resource Conservation & Development(RC&D) .....	51,000	51,000	51,000
Emergency Watershed Protection .....	0	20,000	0

Note 1: This funding level would reduce NRCS manpower by 1,400 FTE. There does not appear to be any correlation between workload and manpower.

*Mandatory Accounts (CCC)—\$3.9 Billion.*—This fund is for Technical Assistance (TA) and Financial Assistance (FA) to support the following CCC, Farm Bill programs:

- Environmental Quality Incentives Program—EQIP
- Ground and Surface Water Conservation—GSW
- Farmland Protection Program—FPP
- Wildlife Habitat Incentives Program—WHIP
- Wetlands Reserve Program—WRP
- Grassland Reserve Program—GRP
- Conservation Securities Program—CSP
- Klamath Basin Water Conservation

The President's Budget has provided \$432,000,000, which is less than 11 percent of the \$3.9 billion allocated for these programs in fiscal year 2004. The historical TA that has been required is 19 percent, which is a TA requirement of \$741,000,000. NRCS is mandated to support these programs, which means they will have to fund them from their Conservation Operations account. This leaves a great shortfall for any assistance to anyone NOT enrolled in a program.

It is imperative that the TA for these mandatory programs be funded at the required TA levels.

PREPARED STATEMENT OF THE SEMINOLE TRIBE OF FLORIDA

The Seminole Tribe of Florida is pleased to submit this statement regarding the fiscal year 2004 budget for the Natural Resources Conservation Service (NRCS) in the Department of Agriculture.

The Seminole Tribe of Florida asks that Congress direct the Natural Resources Conservation Service (NRCS) to begin final design and planning activities for the Big Cypress Water Conservation Plan implementation on the west side of the Big Cypress Reservation. Because we understand that this committee does not earmark funds in the account for Conservation Programs, Natural Resources Conservation Service's (NRCS) Watershed Surveys and Planning (06 account) that funds planning activities for the Small Watershed Program, as authorized by Public Law 83-566, we request that the following language be included in the committee's report: "The Committee expects the Department to provide financial and/or technical assistance for the Big Cypress Reservation Water Conservation project (FL) as it contributes to Everglades restoration." The Tribe has worked with the NRCS in Florida for 7 years to develop this small watershed project as a part of the Tribe's overall Everglades Restoration Initiative. The results of this small watershed project will complement the joint effort of the Tribe and the Corps of Engineers to complete the Initiative.

*The Seminole Tribe of Florida*

The Seminole Tribe lives in the Florida Everglades. The Big Cypress Reservation is located in the western basins, directly north of the Big Cypress National Preserve. The Everglades provide many Seminole Tribal members with their livelihood. Traditional Seminole cultural, religious, and recreational activities, as well as commercial endeavors, are dependent on a healthy Everglades ecosystem. In fact, the

Tribe's identity is so closely linked to the land that Tribal members believe that if the land dies, so will the Tribe.

During the Seminole Wars of the 19th Century, the Tribe found protection in the hostile Everglades. But for this harsh environment filled with sawgrass and alligators, the Seminole Tribe of Florida would not exist today. Once in the Everglades, Seminoles learned how to use the natural system for support without harm to the environment that sustained them. For example, the native dwelling, the chickee, is made of cypress logs and palmetto fronds and protects its inhabitants from the sun and rain, while allowing maximum circulation for cooling. When a chickee has outlived its useful life, the cypress and palmetto return to the earth to nourish the soil.

In response to social challenges within the Tribe, Tribal elders provided guidance. Tribal elders directed the Tribe's leadership to look to the land, for when the land was ill, the Tribe would soon be ill as well. When looking at the land, the leadership saw the Everglades in decline and recognized that the Tribe had to help mitigate the impacts of man on this natural system. At the same time, tribal members acknowledged that this land must sustain the Tribe and its culture. The clear message from the Tribal elders and the land called for a way of life to preserve the land and the Tribe. Tribal members must be able to work and sustain themselves. Tribal leadership needs to protect the land and the animals, while also protecting Tribal farmers and ranchers.

Recognizing the needs of the land and the people, the Tribe, along with its consultants, designed a plan to mitigate the harm to the land and water systems within the Reservation while ensuring a sustainable future for the Seminole Tribe of Florida. The restoration plan will allow Tribal members to continue their farming and ranching activities while improving water quality and restoring natural hydroperiod to large portions of the native lands on the Reservation and ultimately, positively effecting the Big Cypress National Preserve and Everglades National Park.

The Seminole Tribe's project addresses the environmental degradation wrought by decades of Federal flood control construction and polluted urban and other agricultural runoff. The interrupted sheet flow and hydroperiod have stressed native species and encouraged the spread of exotic species. Nutrient-laden runoff has supported the rapid spread of cattails, which choke out the periphyton algae mat and sawgrass necessary for the success of the wet/dry cycle that supports the wildlife of the Everglades.

The Seminole Tribe designed an Everglades Restoration project that reflects the need to live off of the land while minimizing impacts on the Everglades. The Seminole Tribe is committed to improving the water quality and flows on the Big Cypress Reservation. The Tribe already has committed significant resources to the design and construction of this project and to its water quality data collection and monitoring system. The Tribe is willing to continue its efforts and to commit more resources, for its cultural survival is at stake.

#### *Small Watershed Project on Big Cypress*

As a part of the Tribe's Everglades Restoration Initiative, the Tribe completed a water conservation plan for the design and construction of surface water management systems to remove phosphorus, convey and store irrigation water, improve flood control, and rehydrate the Big Cypress National Preserve. This water conservation plan has been permitted for construction under the Clean Water Act Section 404 program.

Through the Corps of Engineers (COE) critical project program authorized by the Water Resources Development Act of 1996, the Tribe is building part of that water conservation plan. The first phase of the critical project constructs a conveyance canal system to supplement and improve the existing system; this construction is nearly complete. The balance of the critical project will construct water storage and treatment areas on the east side of the Reservation.

Over the last 7 years, the Tribe has enjoyed the support of the Florida State Conservationist and the Florida staff of the NRCS in the development of a small watershed project to address some needs identified in the water conservation plan. While some preliminary planning has been completed, an existing funding commitment prevented commencement of the small watershed project. In fiscal year 2004, both the Tribe and the NRCS in Florida are prepared to begin planning of water storage and treatment areas on the west side of the Reservation. To do so, Congress must appropriate the initial funding.

While all the project component options have not been fully vetted, the cost estimates range from downward from \$34.6 million. This project is approved to operate with a 75 percent Federal and 25 percent Tribal cost share. The timing of the design and construction are dependent on the funding stream.

### Conclusion

Everglades restoration is a well-recognized national priority. The Tribe's goal of sustainable agriculture is consistent with the goals of the NRCS and the restoration activities in South Florida. The NRCS's support of the Tribe's conservation measures in the past, along with the implementation of future programs, will make a significant impact on the Big Cypress Reservation and the South Florida Ecosystem.

Through its assistance to the Tribe, NRCS has provided valuable technical assistance to date. Beginning in fiscal year 1999, NRCS has provided programmatic support through EQIP and WRP, which is anticipated to continue. Additional programmatic assistance through the small watershed program will provide the needed design and construction to complete the water conservation plan. None of the joint objectives of the Tribe and the NRCS can be accomplished, however, without sufficient funding.

The Tribe has demonstrated its economic commitment to the Everglades Restoration effort; the Tribe is asking the Federal Government to also participate in that effort. This effort benefits not just the Seminole Tribe, but all Floridians who depend on a reliable supply of clean, fresh water flowing out of the Everglades, and all Americans whose lives are enriched by this unique national treasure.

Thank you for the opportunity to present the request of the Seminole Tribe of Florida. The Tribe will provide additional information upon request.

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### PREPARED STATEMENT OF THE SOCIETY FOR ANIMAL PROTECTIVE LEGISLATION

We appreciate the support this Subcommittee has provided to the Animal Care Program of APHIS and respectfully request that the current appropriations for enforcement of the Animal Welfare Act and Horse Protection Act be maintained for fiscal year 2004 to ensure that these laws passed by Congress are being carried out effectively.

#### *\$15.2 Million for APHIS/Animal Care's Enforcement of the Animal Welfare Act*

The Animal Welfare Act is the chief Federal law for the protection of animals. The USDA seeks compliance with its minimum standards for the care and treatment of animals during transportation and at the more than 10,000 sites of dealers, research, testing and teaching facilities, zoos, circuses, carriers (airlines, motor freight lines and other shipping businesses) and handlers (ground freight handlers).

Nearly half of the facilities that are visited are found to be noncompliant. Facilities with serious deficiencies require reinspections to ensure that corrective action is taken. Our review of inspection reports shows an inability of inspectors to make the needed reinspections; they are unable to reinspect because of a lack of sufficient funds.

In 1966 the Laboratory Animal Welfare Act (later renamed the Animal Welfare Act) was adopted in an effort to prevent the sale of lost or stolen pets into research. Nevertheless, this has continued to be a serious problem. In an attempt to address this problem, in the mid-1990s Animal Care instituted a policy of conducting quarterly inspections of random source dealers. Since stepping up its enforcement in this area (which has come at the expense of inspections conducted elsewhere), USDA has revoked 11 dealer licenses and imposed over \$500,000 in fines. The number of random source (USDA licensed Class B) dealers supplying dogs and cats to research has dropped from 104 to 23.

This example illustrates the value of frequent, unannounced inspections of licensees and registrants. Increasing the number of inspections will ensure effective compliance with the law.

The 1985 amendment to the AWA mandates at least one inspection per year of all registered research facilities. A vigorous inspection program is vital to maintaining public confidence in the quality of research and ensuring the humane treatment of research animals. With the need to evaluate performance, as well as engineering, standards, each inspection is extremely time-consuming and labor intensive.

AC will be able to continue its searches for unlicensed/unregistered facilities, an important effort because failure to obtain licensure or registration is a widespread problem with many entities purposefully evading AC and the requirements of the AWA. The area most frequently ignored for lack of sufficient funds has been inspection of airlines. Continued funding will permit AC to conduct an adequate number of inspections of airlines in an effort to protect against the injury, loss or death of animals being transported by air and to help meet the requirements of the recently adopted Federal Aviation Administration amendment for safe transport of animals by air.

Continued funding at the fiscal year 2003 level will permit AC to maintain its field force of 99 veterinary and lay inspectors. It is vital that the number of inspectors be maintained.

*\$500 Thousand for APHIS/Animal Care's Enforcement of the Horse Protection Act*

More than 30 years have passed since the Horse Protection Act was adopted by Congress, yet soring of Tennessee Walking Horses continues to be a widespread problem. Soring is defined by APHIS as "the application of any chemical or mechanical agent used on any limb of a horse or any practice inflicted upon the horse that can be expected to cause it physical pain or distress when moving." Horses are sored to produce an exaggerated gait.

The most effective methods of reducing the showing of horses who have been sored is to have Animal Care (AC) inspectors present at the shows and to increase the penalties assessed to violators of the law. AC has been restricted to attending only about 10 percent of horse shows because of shortage of funds. Unfortunately, the total of penalties assessed for violation of the law have dropped to a negligible amount. Unless 1. funding is provided to enable AC to attend more events and 2. increased penalties are assessed, the industry will continue to defy the law with impunity.

Lack of financial support has made it necessary for Animal Care to rely heavily on the industry to assume responsibility for enforcement of the law. This is the same industry that has turned a blind eye to compliance with the law since 1970! "Designated Qualified Persons" (DQPs) are the "inspectors" from industry who are supposed to assist AC in identifying sore horses and pursuing action against the individuals who are responsible. The history of the DQPs reveals their failure to achieve the level of enforcement of the unbiased, well-trained, professional inspectors who work for AC. Following is data for horses shown with pads on their front feet to accentuate their gait: in calendar year 2000 (the most recent year for which such information is available), the rate at which DQPs turned down these horses for soring was 2.4 percent. The turndown rate was 39.1 percent, when government inspectors were present to oversee the activities of the DQPs.

An appropriation of at least \$500,000 is essential to permit AC to maintain a modest level of compliance with the Horse Protection Act. Further, it is essential that penalties be increased and more widely assessed for violators.

*Congress Needs to Provide Increased Oversight of Wildlife Services Operations and Research*

Wildlife Services (WS) needs to utilize a variety of tools for management of wildlife under its purview. However, it is essential that these tools are effective and publicly acceptable.

WS needs to phase out of use of steel jaw leghold traps. Leghold traps slam shut with bone-crushing force on the limbs of their victims, tearing ligaments and tendons, severing toes and causing excruciating pain. These traps, opposed by the vast majority of Americans, have been condemned as "inhumane" by the American Veterinary Medical Association, the American Animal Hospital Association and the World Veterinary Association.

The European Union (E.U.) banned use of the barbaric steel jaw leghold trap so that 88 countries now prohibit their use. Nobly, the EU went a step further; the EU law also prohibits import of furs from countries that use steel jaw traps. On December 11, 1997, in response to this European law, the U.S. Trade Representative reached an "Understanding" with the EU in which the United States agreed to end use of "all jaw-type leghold restraining traps" by 2002 on muskrat and nutria and to phase out use of "conventional steel-jawed leghold restraining traps" by 2004. WS has the responsibility of complying with this U.S. obligation by ending its use of these barbaric devices.

WS should pursue no further testing of leghold traps as this would be an extremely wasteful and cruel use of taxpayer money. Previously, funds designated for trap research were merely passed on to a nongovernmental organization to utilize as it saw fit, without involvement from WS. If funds are allocated for trap testing, WS should conduct the research since the agency has the appropriate technical expertise.

Further, WS should adopt a policy of checking all restraining traps within a 24-hour period. A wealth of scientific studies documents the fact that the longer an animal is in a restraining trap, the greater the injury. For this reason, the majority of states have a daily trap check requirement. Animals should not be subjected to long-drawn out pain because of a failure to assume the responsibility of carefully checking traps every day. This policy will help reduce the trauma experienced by

non-target animals, too, ensuring that more of these animals will be able to be released alive.

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PREPARED STATEMENT OF THE SUN GRANT INITIATIVE  
THE NATIONAL NEED FOR BIOENERGY AND BIOPRODUCTS

*Energy Security.*—As readily accessible domestic sources of petroleum have waned, the United States has steadily increased its reliance on imported oil from other nations. The proportion of imported oil increased from about 30 percent of domestic consumption in 1970 to about 56 percent in 2000. Evidence that world oil supplies will become even more limited in the coming decades suggests that alternative sources of energy and industrial chemicals must be developed as soon as possible. Bioenergy resources can be further developed in ways that complement and augment petroleum energy resources, helping to reduce our dependence on imported oils while helping constrain the costs of energy for American industries and consumers.

*Farm Security.*—Farmers have been experiencing economic hardships throughout the 1990's and continue today, primarily because of excessive production of core commodity crops. The hardships have flowed throughout rural America and a devastating exodus to urban centers has resulted. Viable alternatives and diversity are needed in agriculture to bolster the nation's independent farm families. Bioenergy and bioproducts produced on American farms represent an opportunity to both reduce dependence on imported oil while providing a significant source of income to American farmers.

*New Industries.*—Imported oil is an important feedstock for numerous uses other than energy and transportation fuels. Contemporary plastics, synthetic fibers, lubricants, solvents, paints and numerous other common products depend on petroleum as a feedstock. In the future, agriculture will produce biobased feedstocks for production of these products as well as many other non-food uses. Agriculture will also be integral to manufacturing pharmaceuticals, cosmetics, building materials, biocatalysts, and numerous other biobased products. The development of biobased products will complement, augment, and be integrated with the petroleum industry.

*Rural Economic Development.*—New biobased industries will benefit not only agricultural producers but will also stimulate economic development in the surrounding rural communities. In many cases, transportation logistics and infrastructure requirements will require that new biobased industries be physically located in rural communities—new capital investments and economic stimulation will stay in the rural community! A biobased economy will revitalize rural America.

*Environmental Protection.*—The use of renewable bioenergy and the production of many biobased products will have numerous benefits for the environment. The increased use of renewable bioenergy will help reduce greenhouse gases and will help U.S. communities and industries improve air quality while remaining economically viable and competitive. Products that were once “wastes” can now become resources and ingredients in the development of new bioproducts. In turn, bioproducts can be designed to be biodegradable, further reducing the “waste stream” and reducing the demand for trash disposal land fills.

*New Science and Engineering Technologies.*—The latest scientific and engineering breakthroughs will be brought to bear on the challenge of moving to a bio-based economy. For example, genomics, nanobiotechnology, and new computer modeling technologies will be utilized to improve our technical understanding of plant biochemistry, to develop new enzymatic processes and new materials for bioenergy production and the development of new bioproducts.

THE SUN GRANT INITIATIVE

*Land Grant Universities.*—Today, land grant universities serve agriculture by implementing research, extension, and educational programs to benefit agricultural producers and consumers, to assist rural families and communities, and to conserve the world's natural resources. Clearly, agriculture will play an important role in providing power, fuels, and biobased products for America. Because of the unique position land grant universities have in science, service and education, it is critical that they are proactively involved in creating the biobased economy. Over the past several years, land grant universities have been working to develop a new model for harnessing the capacities of the distributed agricultural research and education system into a national network that can work in ready partnership with the Federal agencies to help reach national bioenergy goals, which has led to the development of the Sun Grant Initiative.

*The Sun Grant Mission.*—The mission of the Sun Grant Initiative is to (1) enhance national energy security through development, distribution and implementation of biobased energy technologies, (2) promote diversification and the economic viability of America's agriculture through land grant based research, extension, and education programs in renewable energy and biobased products, and (3) promote opportunities for biobased economic diversification and the development of new biobased industries in rural communities.

*Centers of Excellence and a National Network.*—A network of five land grant universities are serving as regional Sun Grant Centers of Excellence (Figure 1). The universities include South Dakota State University, Oklahoma State University, the University of Tennessee—Knoxville, Cornell University, and Oregon State University. Federal funds will be shared equally among each of the regions. As Federal funds become available, up to 25 percent of the funds will be utilized at each center to enhance their abilities to develop model research, extension, and educational programs on agriculture-based renewable energy technologies and biobased industries located in rural communities. The balance of the funds in each region will be awarded competitively among all land grant universities in the region, drawing on the expertise of all land grant universities to address national priorities at the regional level.

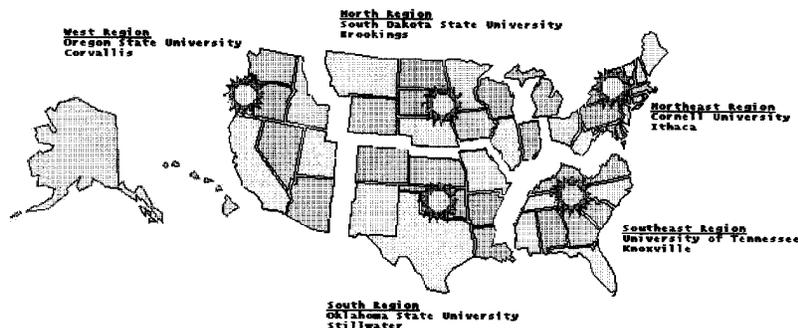


FIGURE 1.—The five founding Sun Grant Centers and their respective regions.

These regional programs will embrace the multi-state, multi-function, multi-disciplinary integrated approach that is at the heart of the land grant method of addressing problems. The centers will interface their activities with DOE research laboratories at Oak Ridge, TN (ORNL, Oak Ridge National Laboratory) and Golden, CO (NREL, National Renewable Energy Laboratory).

#### *National Priorities*

The Sun Grant Initiative programs will revitalize rural communities, enhance the nation's energy security and improve our soil, water, and air. The primary challenges that must be faced include:

- The emergence of agriculturally based bio-industries that can coexist with and complement petroleum based industries.
- Developing biobased industries that improve the environment and protect air, water, soil, and other natural resources.
- Developing biobased industries that diversify American agriculture and complement food production.
- Developing industries that provide opportunities for the growth and prosperity of rural America.

The transition to agriculturally-based bio-industries will create economic opportunities for other sectors of the U.S. economy through creation of high-tech companies and jobs. Through the Sun Grant Initiative, the United States will continue to be a world leader in technology and innovation for future high-tech commerce and trade. We will not only produce biomass feedstocks, we will also lead the world in the technologies and the intellectual property that makes this transition to a biobased economy possible.

#### *Regional Priorities*

During the development of the Sun Grant Initiative a series of regional workshops were held with agricultural, industry and community leaders. Priority needs were

identified for bioenergy and bioproducts projects within each region. The unique structure of the Sun Grant Initiative will enable the land grant universities to address national issues of concern to the Federal agencies in the context of regional and local needs and circumstances.

#### RELATION TO THE SUN GRANT INITIATIVE TO FEDERAL AGENCY BIOMASS PROGRAMS

The Biomass Research and Development Act of 2000 established an Interagency Board to coordinate the biomass-related programs within and among Federal departments and agencies. It is co-chaired by the Departments of Energy and Agriculture. Other member agencies include: the Department of Interior, Environmental Protection Agency, National Science Foundation, Office of Science and Technology Policy and the Office of the Federal Environmental Executive. The Act also established an Advisory Committee to advise the Secretaries of Energy and Agriculture and the Interagency Board on the future direction of biomass research and development investments. The Advisory Committee, now in its third year of activity, consists of 31 members from industry, academia, non-profit organizations, and the agricultural and forestry sectors, who are experts in their respective fields. In December of 2002, the Biomass Research and Development Technical Advisory Committee released a science "roadmap" outlining recommended priorities for the development of biomass technologies in the United States. In addition, Section 9008 of the Farm Security and Rural Development Act of 2002 provided for a reauthorization of the funding for the Biomass Research and Development Act of 2000 and provided funding to support biomass production. Building on these several legislative authorities, the Department of Energy and the Natural Resources Conservation Service of the Department of Agriculture are collaborating in the development and implementation of a Biomass Research and Development Initiative to address the priorities identified in the roadmap.

One of the remaining challenges in developing bioenergy and bioproducts technologies is that they have to be developed as a complete system to be cost effective and economically viable. Many new biobased businesses have failed because they only addressed one part of a new biobased economy. In order for farmers to increase production of a needed biofuels feedstock materials they need to be assured of a steady demand. In order for bio-industries to develop a new product, they have to be assured of a steady supply of biobased feedstock materials. The rate limiting cost in developing biobased feedstock is often the cost of shipment; it may be most cost effective to process feedstock within a fifty mile radius of the site where it was grown, which in turn requires a distributed network of bioprocesses or generators. The generators may not break even unless they are also used to co generate heat or unless they feed energy back into local energy grids. The Sun Grant Initiative provides a means for the Department of Energy and the Department of Agriculture to access the research and education expertise of the land grant university system across the country to develop new technologies and education programs. The structure of the Sun Grant Initiative will enable the Departments to "put all the pieces" together to create comprehensive regional scale projects that can address multiple real world production needs simultaneously. The Sun Grant Initiative complements and completes the mix of legislative and funding tools that support biomass research and development.

#### LEGISLATIVE DEVELOPMENTS

Legislation to authorize the Sun Grant Initiative was developed in 2002. The proposed legislative language defines the regional Centers of Excellence and the network of collaborating universities, as well as the mechanism for apportioning and distributing funds described in this testimony. The proposed legislative language will authorize funding for the Sun Grant Initiative at the level of \$100 million. There is bi-partisan support for introducing and passing this language in 2003. It is our understanding that there will be communications from leading Senate offices to the Committee indicating support for moving this initiative forward and initiating start-up funding in fiscal year 2004.

#### FUNDING REQUEST

We request initial start-up funding of \$20 million for the Sun Grant Initiative in fiscal year 2004. We are requesting that funding be provided by the Senate Appropriations Energy and Water Development Subcommittee through the Energy Efficiency and Renewable Energy programs of the Department of Energy, in order to augment and expand the Department of Energy's biomass and bioenergy research and development programs. In order to facilitate collaboration and enhancement of programs in the Department of Agriculture, we are also recommending that funding

of \$1 million be provided in fiscal year 2004 through the USDA's Cooperative State Research, Extension and Education Service.

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PREPARED STATEMENT OF THE U.S. APPLE ASSOCIATION

The U.S. Apple Association (U.S. Apple) appreciates the opportunity to provide this testimony on behalf of our nation's apple industry.

Our testimony will focus on the following three areas: the Market Access Program (MAP); Food Quality Protection Act (FQPA) implementation; and Agricultural Research Service (ARS) funding.

U.S. Apple is the national trade association representing all segments of the apple industry. Members include 40 state and regional apple associations representing the 9,000 apple growers throughout the country as well as more than 500 individual firms involved in the apple business. Our mission is to provide the means for all segments of the U.S. apple industry to join in appropriate collective efforts to profitably produce and market apples and apple products.

*Market Access Program (MAP).*—The U.S. Apple Association (U.S. Apple) encourages members of Congress to support \$125 million in MAP funding for the coming fiscal year (fiscal year 2004), which is the level authorized in the farm bill.

The apple industry receives roughly \$3 million annually in export development funds from the U.S. Department of Agriculture's Market Access Program (MAP). These funds are matched by grower dollars to promote apples in more than 20 countries throughout the world. Since this program's inception in 1986, the U.S. apple industry has expanded fresh apple exports by 194 percent, thanks in large part to the foreign promotions made possible by this program. One-quarter of U.S. fresh apple production is exported, with an annual value of roughly \$370 million.

The U.S. apple industry faces keen competition around the globe from competitors who receive significant government funds for generic promotions. The governments of our foreign competitors spend approximately \$500 million on export promotion and market development. It has become increasingly difficult for U.S. exporters to compete with European and Chinese producers who receive massive government assistance. Increased funding for this critical program will assist U.S. apple producers to better compete and revive export demand in countries recently hit by adverse economic conditions.

*Food Quality Protection Act (FQPA) Implementation.*—U.S. Apple strongly supports full funding for the following programs intended to facilitate fair FQPA implementation and to offset its anticipated negative impact on apple growers and processors.

Specifically, U.S. Apple supports the U.S. Department of Agriculture's following budget requests.

- \$15 million for the Pesticide Data Program, administered by the Agricultural Marketing Service (AMS);
- \$8.0 million for the National Agricultural Statistics Service (NASS) pesticide-usage surveys;
- \$2.6 million for the Office of Pest Management Policy administered by the Agricultural Research Service (ARS);
- \$3.7 million for minor-use registration of crop protection tools (IR-4) administered by ARS;
- \$7.2 million for area-wide Integrated Pest Management research administered by ARS;
- \$13.5 million for the Integrated Pest Management Research Grant Program administered by the Cooperative State Research, Extension and Education Service (CSREES);
- \$10.8 million for minor-use registration of crop protection tools (IR-4) administered by CSREES; and
- \$12.5 million for the Pest Management Alternatives Program, Regional Pest Management Centers, Crops at Risk and Risk Avoidance and Mitigation Program also administered by CSREES.

*National Tree Fruit Technology Roadmap.*—U.S. Apple urges the Committee to encourage USDA to continue to work with the tree fruit industry by completing the national technology roadmap process and developing a national research strategy.

Worldwide apple production increased by 112 percent between 1990 and 2001, while U.S. apple production grew by 11 percent during this same period. This dramatic increase in global apple production continues to threaten the profitability of America's apple growers. Global oversupply, subsidized foreign competition and unfairly priced imports have caused apple prices to decline in recent years, while regulatory, production and distribution costs are steadily increasing. The U.S. apple in-

dustry's future survival may depend on its ability to develop and utilize new technology to decrease costs, while improving apple quality. Thus, the industry is seeking federal support of a national research initiative to develop new technology to automate orchard and fruit handling operations, optimize fruit quality, nutritional value, and safety, and integrate digital technologies and communication.

*Temperate Fruit Fly Research Position—Yakima, Wash.*—U.S. Apple requests continued funding of \$300,000 to conduct critical research at the USDA-ARS laboratory in Yakima, Wash. on temperate fruit flies, a major pest of apples.

The Yakima, Wash., USDA Agricultural Research Service (ARS) facility is conducting research critical to the crop protection needs of the apple industry. FQPA implementation has reduced the number of pesticides currently available to growers for the control of pests, such as cherry fruit fly and apple maggot. Left unchecked, these temperate fruit flies can be devastating. Thus, research is needed to develop alternative crop protection methods as growers struggle to cope with the loss of existing tools. While Congress appropriated \$300,000 last fiscal year for this critical research, the administration's proposed budget for fiscal 2004 rescinds this funding.

*Post Harvest Quality Research Position—East Lansing, Mich.*—U.S. Apple requests that the Committee provide continued funding of \$309,600 for postharvest-quality research at the ARS laboratory in East Lansing, Michigan.

The East Lansing, Mich., USDA Agricultural Research Service (ARS) facility is conducting research critical to the future economic recovery of the apple industry. Using a series of new sensing technologies, researchers at this facility are developing techniques that would allow apple packers to measure the sugar content and firmness of each apple before it is offered to consumers. Research indicates consumer purchases will increase when products consistently meet their expectations, suggesting consumers will eat more apples once this technology is fully developed and employed by our industry. While Congress appropriated \$309,600 last fiscal year for this critical research, the administration's proposed budget for fiscal 2004 rescinds this funding.

*Tree Assistance Program (Tap).*—U.S. Apple urges Congress to provide \$9.3 million to cover losses beginning in 2000 for the Tree Assistance Program (TAP).

A recent series of severe weather-related natural disasters that have taken an enormous economic toll on many of the U.S. apple industry's most progressive and productive apple producers, who have lost their orchards to these storms and resulting disease outbreaks. The Farm Security and Rural Investment Act of 2002 re-authorizes the Tree Assistance Program (TAP), which provides reimbursement for 75 percent of the cost of replanting trees lost to natural disasters up to \$75,000 per producer per year.

The U.S. Apple Association thanks the committee for this opportunity to present testimony in support of the U.S. apple industry's federal agricultural funding requests.

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#### PREPARED STATEMENT OF THE U.S. MARINE SHRIMP FARMING CONSORTIUM

Mr. Chairman, we greatly appreciate the opportunity to provide testimony to you and the Subcommittee, to thank you for your past support, and to discuss the achievements and opportunities of the U.S. Marine Shrimp Farming Program.

We would like to bring to your attention the success of the U.S. Marine Shrimp Farming Consortium and its value to the nation. The Consortium consists of institutions from seven states: University of Southern Mississippi/Gulf Coast Research Laboratory, Mississippi; The Oceanic Institute, Hawaii; Tufts University, Massachusetts; Texas A&M University, Texas; Waddell Mariculture Center, South Carolina; University of Arizona, Arizona; and Nicholls State University, Louisiana. These institutions have made major advances in technology to support the U.S. shrimp farming industry, and the program's excellent performance through multi-state collaboration has been recognized by the USDA in its recent program reviews. The Consortium is at a point of opportunity to make significant contributions to building the U.S. industry, reducing the trade deficit, and satisfying increasing consumer demand for shrimp. Seafood imports constitute the second largest trade deficit item for the United States at \$7.1 billion, and shrimp represents approximately half of this deficit.

#### *Accomplishments*

The Consortium, in cooperation with private industry, industry associations and government agencies, has generated new technologies for producing premium quality marine shrimp at competitive prices. To date, the program has: (1) established the world's first and currently most advanced breeding and genetic selection pro-

gram for marine shrimp; (2) completed pioneering research and development of advanced diagnostic tools for disease screening and control; (3) described the etiology of shrimp diseases associated with viral pathogens; (4) fostered shrimp production at near-shore, desert, and inland/rural farm sites; (5) played a lead role in the Joint Subcommittee on Aquaculture's efforts to assess the threat of globally transported shrimp pathogens; (6) supplied the U.S. industry with genetically improved and disease resistant shrimp stocks; (7) developed advanced technology biosecure shrimp production systems to protect both cultured and native wild stocks from disease; and (8) developed new feed formulations to minimize waste generation. These substantial accomplishments advance the continued growth of our industry, place an important emphasis on environmental sustainability, and increase market competitiveness. Judging from the state of our industry today, USMSFP programs continue to have measurable positive effects. The coastal industry continues to lead in the production of farm-raised shrimp in the United States. Recent improvements in farm management practices have resulted in bumper crops for the industry. The year 2002 resulted in the largest harvest ever for U.S. farmers at over 12 million pounds. This is the third consecutive year of record production, and represents an 107 percent increase in U.S. production over the last nine years.

#### *Industry Vulnerability*

While exceptional progress has been made, this emerging and important industry is continually confronted with new challenges. It depends on the U.S. Marine Shrimp Farming Program (USMSFP) for high-health and improved stocks, disease diagnosis and production technologies. As a result of the Consortium's support, the U.S. industry has maintained relative stability, while other countries have had major losses in their production, due to diseases and environmental problems. Disease losses, due to exotic viruses in Asia and Latin America during the past six years, have approached \$7 billion U.S. There have been no outbreaks of notifiable disease in the United States during the last four years, and a commensurate increase in shrimp production during the same period. With reliable protection in place, we have also seen a commensurate geographic expansion of the industry within the United States. A broader industry base, while increasing production through the addition of new farms, also provides additional protection to the industry by geographically isolating different regional sectors of the industry in the event of disease outbreaks or natural disaster. Significant amounts of shrimp are now produced from wide parts of the South, with farms now operational in South Carolina, Florida, Alabama and Texas. Arizona and Hawaii have also greatly expanded production during the same period.

While significant progress has been made in risk assessment and risk management with visible success to further improve the competitiveness of the U.S. industry, the industry and the USMSFP must remain constantly vigilant. In addition to providing significant input on the development of national and international regulatory standards for shrimp farmers, important service work for government agencies and NGOs keeps us continuously apprised of new developments pertaining to emerging regulations so USMSFP research plans can be kept proactively responsive to dynamic shifts in industry needs.

#### *Industry Independence*

As a result of the work of the Consortium, investor confidence is increasing. In addition to supporting today's industry, advanced biosecure shrimp production systems are allowing the expansion of shrimp farming into near-shore, inland/rural and desert sites, away from the environmentally sensitive coastal zone. Importantly, these new production technologies produce the highest quality shrimp at world competitive prices, consume U.S. grains as feed, and pose no threat to the environment. Shrimp farming is the newest agricultural industry for the United States, and USDA/CSREES has suggested that our program represents a model program for resolving important problems and capturing opportunities in both agriculture and aquaculture. Clearly, the U.S. shrimp farming industry has emerged from the early 1990s with a larger and more diverse industry for the new millennium.

To begin completion of our remaining tasks, an increase in the current funding level from \$4.186 million to \$5 million is being requested. Allocation of \$5 million per year for the next few years to work in cooperation with the private sector, to support existing efforts, and to build this new industry with its associated jobs and economic benefits is in the best interests of the nation.

Mr. Chairman, the U.S. shrimp farming industry and our Consortium deeply appreciate the support of the Committee and respectfully ask for a favorable consideration of this request.

## PREPARED STATEMENT OF THE UNITED STATES TELECOM ASSOCIATION

## SUMMARY OF REQUEST

*Project Involved.*—Telecommunications Loan Programs Administered by the Rural Utilities Service of the U.S. Department of Agriculture.

*Actions Proposed.*—Supporting RUS loan levels and the associated funding subsidy for the cost of money, Rural Telephone Bank and loan guarantee programs in fiscal year 2004 in the same amount as loan levels specified in the fiscal year 2003 Agriculture Appropriations Act, supporting loans in the hardship program at the level requested in the budget. Opposing the Administration's proposal to not fund Rural Telephone Bank loans in fiscal year 2004. Also supporting an extension of the language removing the 7 percent interest rate cap on cost of money loans. Also supporting an extension of the prohibition against the transfer of Rural Telephone Bank funds to the general fund. Opposing the proposal contained in the budget to transfer funds from the unobligated balances of the liquidating account of the Rural Telephone Bank for the Bank's administrative expenses. Supporting continued funding, as requested in the President's budget, in the amount of \$25 million in distance learning and telemedicine loan and grant authority and \$2 million to finance broadband transmission and local dial-up Internet service in rural areas. Requesting clarification that all rural communities under 20,000 population will qualify for loans in fiscal year 2004 under the new broadband loan program. Opposing the budget request seeking replacement of the \$20 million in mandatory funding provided in last year's Farm Act for direct loans for broadband deployment with less than half that amount of discretionary funding authority in fiscal year 2004.

I am Walter B. McCormick, Jr., President and CEO of The United States Telecom Association (USTA), the nation's oldest trade organization for the local exchange carrier industry. USTA's carrier members provide a full array of voice, data and video services over wire and wireless networks. I submit this testimony in the interests of the members of USTA and their subscribers.

USTA members firmly believe that the targeted assistance offered by a strong RUS telecommunications loan program remains essential to a healthy and growing rural telecommunications industry that contributes to the provision of universal telephone service. We appreciate the strong support this Committee has provided for the telecommunications program since its inception in 1949 and look forward to a vigorous program for the future.

## A CHANGING INDUSTRY

As Congress recognized through passage of the Telecommunications Act of 1996, telecommunications in the United States is in the midst of the most significant changes any industry has ever undergone. Both the technological underpinnings and the regulatory atmosphere are dramatically different and changing at an extraordinarily rapid pace. Without system upgrades, rural customers will be left out of the emerging information revolution.

The need for modernization of the telecommunications technology employed by RUS borrower rural telecommunications companies has never been greater. In addition to upgrading switching capability to allow new services to be extended to rural subscribers, it is crucially important that rural areas be included in the nationwide drive for greater bandwidth capacity. In order to provide higher speed data services, such as Digital Subscriber Line (DSL) connections to the Internet, outside plant must be modernized and new electronics must be placed in switching offices. With current technology, DSL services cannot be provided to customers located on lines more than three miles from the switching office. Rural areas have a significant percentage of relatively long loops and are therefore particularly difficult to serve with higher speed connections. Rural telecommunications companies are doing their best to restructure their networks to shorten loops so that DSL may be provided, but this is an expensive proposition and may not be totally justified by market conditions. However, these services are important for rural economic development, distance learning and telemedicine. RUS-provided financial incentives for additional investment encourage rural telecommunications companies to build facilities which allow advanced services to be provided. The externalities measured in terms of economic development and human development more than justify this investment in the future by the federal government.

Greater bandwidth and switching capabilities are crucial infrastructure elements which will allow rural businesses, schools and health care facilities to take advantage of the other programs available to them as end users. The money spent on having the most modern and sophisticated equipment available at the premises of businesses, schools or clinics is wasted if the local telecommunications company cannot

afford to build facilities that quickly transport and switch the large amounts of data that these entities generate. RUS funding enhances the synergies among the FCC and RUS programs targeted at improving rural education and health care through telecommunications.

The RUS program helps to offset regulatory uncertainties related to universal service support, interstate access revenues and interconnection rules with a reliable source of fairly priced, fixed-rate long term capital. After all, RUS is a voluntary program designed to provide incentives for local telecommunications companies to build the facilities essential to economic growth.

RUS endures because it is a brilliantly conceived public-private partnership in which the borrowers are the conduits for the federal government benefits that flow to rural telephone customers, the true beneficiaries of the RUS program. The government's contribution is leveraged by the equity, technical expertise and dedication of local telecommunications companies. The small amount of government capital involved is more than paid back through a historically perfect repayment record by telecommunications borrowers, as well as the additional tax revenues generated by the jobs and economic development resulting from the provision and upgrading of telecommunications infrastructure. RUS is the ideal government program—it generates more revenues than it costs, it provides incentives where the market does not for private companies to invest in infrastructure promoting needed rural economic development, it allows citizens to have access to services which can mean the difference between life and death, and it has never lost a nickel of taxpayer money.

#### RECOMMENDATIONS

For fiscal year 2004, this Committee should continue the loan levels and necessary associated subsidy amounts for the RUS cost of money, Rural Telephone Bank and guaranteed telecommunications loan programs that it recommended for fiscal year 2003, and which were signed into law. These levels, as well as supporting loans in the hardship program at the level requested in the budget, would maintain our members' ability to serve the nation's telecommunications needs, maintain universal service and bring advanced telecommunications services to rural America.

USTA strenuously objects to the recommendation in the Administration's budget to not fund Rural Telephone Bank loans in fiscal year 2004. The proposal is fundamentally flawed. The RTB's mission is far from complete. Loans made today are to provide state of the art telecommunications technology in rural areas. If no bank loans were made in fiscal year 2004, the budgetary outlay savings would be minimal, because RTB loans are funded over a multiyear period. Moreover, because of the minimum statutory interest rate of 5 percent, the RTB stands an excellent opportunity of actually generating a profit for the government!

The Administration budget proposes that funds be transferred from the unobligated balances of the Bank's liquidating account to fund the Bank's administrative expenses, instead of those expenses being funded through an appropriation from the general fund of the Treasury. This proposal would not result in budgetary savings. As it has in previous years, this Committee should specifically reject this recommendation.

For a number of years, through the appropriations process, Congress has eliminated the seven percent "cap" placed on the insured cost-of-money loan program. The elimination of the cap should continue. If long term Treasury interest rates exceeded the 7 percent ceiling contained in the authorizing act, the subsidy would not be adequate to support the program at the authorized level. This would be extremely disruptive and hinder the program from accomplishing its statutory goals. Accordingly, USTA supports continuation of the elimination of the seven percent cap on cost-of-money insured loans in fiscal year 2004. The Committee should also continue to protect the legitimate ownership interests of the Class B and C stockholders in the Bank's assets by continuing to prohibit a "sweep" of any unobligated balance in the bank's liquidating account that is in excess of current requirements funds into the general fund.

#### *Recommended Loan Levels*

USTA recommends that the telephone loan program loan levels for fiscal year 2004 be set as follows:

[In millions of dollars]

RUS Insured Hardship Loans (5 percent) .....	\$145
RUS Insured Cost-of-Money Loans .....	300
Rural Telephone Bank (RTB) Loans .....	175

[In millions of dollars]

Loan Guarantees .....	120
Total .....	740

LOANS AND GRANTS FOR TELEMEDICINE, DISTANCE LEARNING, INTERNET ACCESS AND BROADBAND

USTA supports the continuation of \$25 million for distance learning and telemedicine, as provided in the President’s budget. USTA also supports making available \$2 million in additional funds for loans and grants to finance broadband transmission and local dial up access to the Internet in rural areas. RUS was founded on the notion that rural Americans should have no lesser services and facilities for telephone service as those living in more densely populated, lower cost areas. As we move into the Information Age with the tremendous potential of the Internet to increase productivity, economic development, education and medicine, such funds can help continue the historic mission of RUS to support the extension of vital new services to rural America.

BROADBAND LOANS UNDER THE 2002 FARM ACT (PUBLIC LAW 101–171)

Last year the Congress recognized the tremendous potential of broadband technology to enhance human and economic development in rural areas by providing mandatory funding of loans for the deployment of such technology in rural areas. This funding was included in last year’s Farm Act in the amount of \$20 million. USTA opposes the Administration’s request to cancel this in 2004 and replace it with less than half that amount, \$9.1 billion, in discretionary authority. The capital intensive nature of the telecommunications industry, particularly with respect to implementation of broadband, requires a stable and predictable source of capital. Any disruption to the multi-year authority adopted last year by Congress would greatly discourage use of this program and deny rural consumers the benefits of services provided over broadband technology.

The Committee’s bill should include language to assure that all communities in the United States with a population of less than 20,000 will qualify for loans under the RUS broadband loan program in fiscal year 2004. The importance of the availability of broadband in rural areas cannot be overstated. Broadband is the future of telecommunications and rural areas cannot be and should not be denied its benefits. Unfortunately, many rural areas will not be eligible for this program due to a technical defect in the enabling act eligibility provision (new section 601 of Title VI of the Rural Electrification Act of 1936). Although the criteria in subsection (A) demonstrates the commitment of Congress to assure that the program will allow all communities in the United States with a population of less than 20,000 to qualify for broadband loans, subsection (B) seeks to exclude from program eligibility any area that “is not located in an area designated as a standard metropolitan statistical area,” even though its population is less than 20,000. “Standard Metropolitan Statistical Area” has not been a term recognized by the Bureau of the Census since 1990. If not corrected, this technical defect could deny up to 40 percent of otherwise eligible rural communities access to a program designed to accelerate deployment of broadband technology in rural areas.

CONCLUSION

Our members take pleasure and pride in reminding the Committee that the RUS telecommunications program continues its perfect record of no defaults in over a half century of existence. RUS telecommunications borrowers take seriously their obligations to their government, their nation and their subscribers. They will continue to invest in our rural communities, use government loan funds carefully and judiciously, and do their best to assure the continued affordability of telecommunications services in rural America. Our members have confidence that the Committee will continue to recognize the importance of assuring a strong and effective RUS Telecommunications Program through authorization of sufficient loan levels.

PREPARED STATEMENT OF THE UTAH DIVISION OF WATER RESOURCES

This testimony is in support of funding for the Colorado River Basin Salinity Control Program. As the lead agency designated by Congress for salinity control in the Colorado River Basin, Utah hereby requests funding in the amount of \$17,500,000 for fiscal year 2004 to implement the needed and authorized program for the De-

partment of the Interior, Bureau of Reclamation (Reclamation). Failure to appropriate these funds will result in significant economic damage in the United States and Mexico.

The program authorized by the Congress in 1995 has proven to be very successful and cost-effective. Proposals from the public and private sector to implement salinity control strategies have far exceeded the available funding and Reclamation has a backlog of proposals. Reclamation continues to select the best and most cost-effective proposals. Funds are available for the Colorado River Basin States' cost sharing for the level of federal funding requested. Water quality improvements accomplished under Title II of the Colorado River Basin Salinity Control Act also benefit the quality of water delivered to Mexico. Although the United States has always met the commitments of the International Boundary & Water Commission's (Commission) Minute 242 to Mexico with respect to water quality, the United States Section of the Commission is currently addressing Mexico's request for better water quality at the International Boundary.

Some of the most cost-effective salinity control opportunities occur when the USBR can improve irrigation delivery systems at the same time that the USDA's program is working with landowners (irrigators) to improve the on-farm irrigation systems. Through the newly authorized USDA EQIP program, more adequate on-farm funds are available and adequate USBR funds are needed to maximize the effectiveness of the effort. Reclamation has received cost-effective proposals to move the program ahead and the Basin States have funds available to cost-share up-front.

A salinity control program has been developed by the Colorado River Basin States with input from the Bureau of Reclamation, the Natural Resources Conservation Service, the U.S. Fish and Wildlife Service, the Bureau of Land Management, and the Environmental Protection Agency. The plan necessary for controlling salinity and to reduce downstream damages has been captioned the "plan of implementation." The 2002 Review of Water Quality Standards includes an updated plan of implementation. The level of appropriation requested in this testimony is in keeping with the agreed upon plan. If adequate funds are not appropriated, state and federal agencies involved are in agreement that damage from the high salt levels in the water will be widespread in the United States as well as Mexico. The \$17,500,000 requested by the Forum on behalf of the seven Colorado River Basin States is the level of funding necessary to proceed with Reclamation's portion of the plan of implementation. Utah urges the Subcommittee to support this level of funding as set forth in the plan of implementation.

In addition to the funding identified above for the plan of implementation, Utah also requests the Congress to appropriate necessary funds needed to continue to maintain and operate salinity control facilities as they are completed and placed into long-term operation. Reclamation has completed the Paradox Valley unit which involves the collection of brines in the Paradox Valley of Colorado and the injection of those brines into a deep aquifer through an injection well. The continued operation of this project and other completed projects will be funded through operation and maintenance funds.

In addition, Utah supports necessary funding to allow for continued general investigation of the salinity control program. It is important that Reclamation have planning staff in place, properly funded, so the progress of the program can be analyzed, coordination between various Federal and State agencies can be accomplished, and future projects and opportunities to control salinity can be properly planned to maintain the water quality standards for salinity so the Basin States can continue to develop their Compact-apportioned waters of the Colorado River.

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PREPARED STATEMENT OF THE WILDLIFE MANAGEMENT INSTITUTE (WMI)

The Wildlife Management Institute (WMI) is submitting its comments on the proposed fiscal 2004 budget for natural resource programs within the U.S. Department of Agriculture. WMI is a scientific and educational non-profit organization that is staffed by professional wildlife biologists and is committed to the sustainable management of wildlife populations and habitats throughout North America. For several decades we have worked closely with the Natural Resources Conservation Service (NRCS), Farm Service Administration (FSA), Animal and Plant Health Inspection Service (APHIS) and Cooperative State Research, Education and Extension Services (CREES) to enhance the conservation of wildlife resources on private lands, to support disease control efforts that protect free-ranging wildlife, and to promote public stewardship of all wildlife resources. Our comments on the budgets of these agencies include the following spending increases of the Administration's request:

*Natural Resources Conservation Service*

*Conservation Technical Assistance (CTA).*—WMI finds that through congressional and administrative actions during the past several years, the number of positions at NRCS has fluctuated to the detriment of the CTA program. The current proposed level of FTE staff years for fiscal year 2004 is 12,878. This is a 276 FTE (2.2 percent) increase over the estimated fiscal year 2003 level. However, NRCS presently has a backlog of farmers and ranchers who have applied for the Farm Bill's conservation programs but have not yet received any technical assistance. This demand for CTA will only increase as NRCS starts implementing two new conservation programs, the Conservation Security Program and the Grassland Reserve Program, and expanding the Environmental Quality Incentives Program (scheduled for a \$1 billion in fiscal year 2004). Further compounding this problem, is the Administration's proposed \$121,400 cut for the CTA account. Even though the 2002 Farm Bill established the Technical Service Provider Program (TSP), NRCS cannot rely on the services of third party vendors to meet the farmers' and ranchers' demands for technical assistance. It will take at least three years to develop a seamless delivery system for TSP. For these reasons, WMI urges your subcommittee to increase the Administration's request for CTA by \$100 million.

*Technical Service Providers (TSP).*—This program will be of great assistance to NRCS as it delivers technical assistance to agricultural producers. However, fisheries and wildlife biologists will need training to participate as technical service providers, and The Wildlife Society estimates that it will take \$10 million to provide such training for interested TSP candidates. To the degree that you are able, WMI asks your subcommittee to appropriate funds for training activities within The Wildlife Society and American Fisheries Society. Both organizations are the only societies that certify professionals within their field but need assistance when addressing the certification requirements for TSP.

*Monitoring and Evaluation.*—Commodity groups, water utility companies, and natural resource professionals (e.g., The Wildlife Society, National Association of Conservation Districts and university extension specialists) remain in steadfast agreement with WMI that the Farm Bill's conservation title must include funding for monitoring and evaluation. Throughout the Administration and Congress, national leaders want to get the "biggest bang for the buck" when implementing an enhancement project for soil, water, air, and wildlife on private lands. Because the 2002 Farm Bill authorizes a \$17.1 billion spending increase for the conservation title, it is imperative that NRCS establishes an accountability system that focuses on results (i.e., outcomes) instead of activities (i.e., outputs). No such system currently exists. Therefore, WMI proposes the establishment of a competitive grants process to fund a consortium of non-governmental organizations, universities, and state agencies that could identify cost saving practices, program improvements, and future funding requirements for the Farm Bill's conservation title. Additionally, this consortium could determine what the environmental and economic values are for each conservation program. WMI recommends that your subcommittee dedicate \$10 million as mandatory funding for monitoring and evaluation activities through the proposed consortium of non-USDA entities. Please note that this is the same funding level that was requested in the Farm Bill's Managers Report.

*Wetlands Reserve Program.*—WMI supports the full authorization of 250,000-acres for the Wetlands Reserve Program in fiscal year 2004.

*Wildlife Habitat Incentives Program.*—WMI does not support the Administration's \$42 million request for the Wildlife Habitat Incentives Program (WHIP). That dollar amount will not allow NRCS to reduce its current backlog for WHIP while accommodating additional enrollment in the program. Requests from the Northeast and Western regions are areas where interest in WHIP is the highest, primarily because of the areas' land base and specialized farming interests (e.g., horse ranching, fruit orchards, and dairy farms). Lest participation in the Farm Bill's conservation programs favor only agricultural producers in the Midwestern and Southern regions, WMI urges your subcommittee to appropriate \$100 million for WHIP in fiscal year 2004. And with the matching ability of partners, this request will let more dollars flow into WHIP, a result that benefits both the Federal government and private landowner.

*Environmental Quality Incentives Program.*—WMI supports mandatory funding of \$850 million for the Environmental Quality Incentives Program in fiscal year 2004. However, during the rulemaking process for EQIP, WMI asked NRCS to make this program more wildlife friendly. We trust that this recommendation will be accepted so that additional benefits can be generated for agricultural landowners and the natural resource system.

*Conservation Security Program.*—In order for the Conservation Security Program (CSP) to work, it must receive more than the Administration's request of \$20 mil-

lion. WMI believes it must be funded at its original intent of \$2 billion over the next ten years, or \$200 million per year.

WMI supports the \$8.1 million allocation to the Klamath Basin. Studies being conducted in the Klamath Basin need to review the impacts of water shortages on wildlife populations that use the area for breeding and foraging purposes.

*Farm Service Administration*

*Staff years.*—The staffing level of 16,701 FTE's may be too low to address the administrative needs of the Farm Bill's conservation programs. WMI recommends that funding be increased to facilitate the current level of 19,337 FTE's. Despite efforts to "streamline" USDA's application process, the private landowners' demand for participation in FSA's conservation programs far exceeds the supply; thus the need to increase staffing levels.

*Grassland Reserve Program.*—WMI supports the fiscal year 2004 request of \$85 million for the Grasslands Reserve Program. This program will help Congress realize its desired goals for soil, water, and wildlife conservation.

*Conservation Reserve Program.*—WMI supports maintaining the Conservation Reserves Program's (CRP) enrollment at 39.2 million acres. The demand for CRP justifies its continuation at the recommend acreage. It has generated historical improvements for wildlife populations and associated habitat, all through voluntary efforts of willing landowners. Such benefits include population enhancement for declining species (e.g., sharp-tailed grouse).

The Conservation Reserve Enhancement Program (CREP), a component of CRP, is another shining example of how the Conservation Reserve Program serves the needs of private landowners and all American citizens. CREP has hit its stride in recent years. Twenty-five states are presently enrolled in the program, which requires all participating states to match federal dollars when implementing a project. Pennsylvania in particular exemplifies how successful CREP can be. In that state, projects leaders enrolled 100,000-acres within a few years and are now asking FSA for another 100,000-acres. WMI believes the enrollment cap of 2 million acres for CREP is achievable in the foreseeable future, therefore, lending further justification for the Administration's the 39.2 million acre request. However, Congress may need to reconsider the 40 million acre cap when reauthorizing the Farm Bill in 2006.

ANIMAL PLANT AND PLANT HEALTH INSPECTION SERVICE

*Wildlife Services.*—WMI is concerned about the proposed \$1.5 million decrease for Methods Development in fiscal year 2004. Technological improvements for controlling nuisance wildlife are desperately needed. Public groups disfavor traditional control techniques, such as trapping and poisoning, and are demanding the development and use of non-lethal and non-injurious alternatives, such as immuno-contraception. Consequently, APHIS must receive sufficient financial resources to research and develop alternative control techniques. Thus, WMI recommends the appropriation of \$11.5 million for Wildlife Service's Methods Development account.

*Veterinary Sciences.*—Chronic Wasting Disease (CWD) is a national news item affecting wild and/or captive populations of white-tailed deer, mule deer and elk in 12 states and 2 Canadian provinces. Management of this fatal disease is administratively and financial taxing for state and federal agencies. Moreover, the CWD's impact on state economies (via hunting seasons) is well documented and comes at a time when those economies are receding. WMI supports the objectives of the CWD Implementation Plan and urges your subcommittee to appropriate \$41.8 million to fund the plan's research, surveillance, control, and communication activities. The \$41.8 million takes into consideration the needs of the Department of the Interior (\$7.7 million), Department of Agriculture (\$13.6 million), and State and Tribal Grants via the U.S. Fish and Wildlife Service (\$20.5 million).

*Cooperative State Research, Education and Extension Services*

*McIntire-Stennis.*—WMI recommends that your subcommittee fund the McIntire-Stennis Program at \$30 million in fiscal year 2004. These research programs, conducted by land grant universities and other educational institutions, are crucial for promoting natural resource sustainability now and in the future.

*Smith-Lever.*—WMI urges your subcommittee to support a \$10 million increase over the Administration's request for the Smith-Lever 3 (d) Program. The Administration requested a \$2.3 million increase over fiscal year 2003 for this natural resources extension program, but additional money is needed to expand its services. These programs facilitate public education on a variety of topics, such as wetlands conservation, endangered species conservation, forestry and wildlife management, and human-wildlife conflicts. Our suggested increase would better prepare agricul-

tural producers for involvement in the Farm Bill's conservation programs, as well as other public groups that may serve as partners on select projects.

Thank you for reviewing our comments, and we look forward to working with you throughout the appropriations process. If you or your staff would like to discuss our recommendations further, please contact me or Ron Helinski, Conservation Policy Specialist, at (202) 371-1808.

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PREPARED STATEMENT OF THE WILDLIFE SOCIETY

The Wildlife Society appreciates the opportunity to submit testimony concerning the fiscal year 2004 budgets for the Natural Resources Conservation Service (NRCS), Farm Service Agency (FSA), Animal Plant Health Inspection Service (APHIS), and Cooperative State Research, Education and Extension Services (CSREES). The Wildlife Society is the association of almost 9,000 professional wildlife biologists and managers dedicated to sound wildlife stewardship through science and education. The Wildlife Society is committed to strengthening all Federal programs that benefit wildlife and their habitats on agricultural and other private land.

NATURAL RESOURCES CONSERVATION SERVICE

*Farm Bill Technical Assistance.*—We applaud Congress for passing the 2002 Farm Bill, which authorizes the U.S. Department of Agriculture to work with third party Technical Service Providers to build a solid network of certified professionals that can assist NRCS in delivering assistance to producers. However, NRCS recognizes that training will be needed to effectively prepare Technical Service Providers to assist producers and landowners. The Wildlife Society recommends that Congress provide NRCS with adequate funds to recruit land grant universities and colleges, the USDA Extension System, and professional societies to help train sufficient Technical Service Providers.

*Monitoring and Evaluation.*—Monitoring Farm Bill conservation programs and evaluating their progress toward achieving Congressionally established objectives for soil, water, and wildlife will enable NRCS to ensure successful program implementation. Changes to agricultural policy in the 2002 Farm Bill, such as higher funding authorizations and expanded acreage enrollment caps, necessitate the establishment of an accountability system that continuously assesses the effectiveness of conservation programs and policies. The Wildlife Society recommends dedicating mandatory funding to the monitoring and evaluation of Farm Bill conservation programs at the \$10 million level approved in the Farm Bill Statement of Managers. We propose using a competitive grants process to fund a consortium of non-USDA organizations (non-governmental organizations, universities, and state organizations) for the purpose of identifying cost-saving practices, program improvements, and future funding requirements and determining the environmental and economic value of conservation expenditures.

*Wetland Reserve Program (WRP), Wildlife Habitat Incentives Program (WHIP).*—We would like to express our gratitude for your continued support of WRP and for authorizing WHIP in 2003. WRP is a valuable program designed to assist farmers and ranchers protect and restore wetland habitat. WHIP is a voluntary program that provides technical and financial support to farmers and ranchers to create high quality wildlife habitat. The Wildlife Society supports funding WRP at \$250 million in fiscal year 2004. We are concerned that the Administration's request for WHIP, \$42 million for 2004, is well below the 2002 Farm Bill's authorized amount of \$275 million. The Wildlife Society recommends funding WHIP at \$275 million in 2004.

FARM SERVICE AGENCY

*Staff Years.*—FSA requires an adequate budget to implement the Farm Bill conservation programs under its administration. The Wildlife Society is concerned that the staffing level of 16,701 FTE proposed by the Administration in 2004 is too low to address the demonstrated need of agricultural producers. The Wildlife Society recommends that the budget include sufficient personnel funding to maintain the 2003 requested level of 19,337 FTE.

*Grassland Reserve Program (GRP).*—We believe the GRP will be valuable in aiding landowners in their grassland restoration efforts. The Wildlife Society supports the Administration's 2004 request of \$85 million for GRP.

*Conservation Reserve Program (CRP).*—CRP is popular with landowners, and has resulted in significant wildlife and habitat benefits on agricultural land. Current demand for the program is on the rise, as is demand for technical assistance associ-

ated with implementation of CRP. The Wildlife Society recommends maintaining CRP enrollment at 39.2 million acres as finalized in the 2002 Farm Bill.

*Forest Land Enhancement Program (FLEP).*—The Forest Land Enhancement Program was created through the 2002 Farm Bill to provide financial, technical, educational, and related assistance to promote sustainable management of non-industrial private forestlands. The program is authorized at \$100 million for 2002–2007, to be distributed through state forestry agencies. The Wildlife Society asks that Congress appropriate at least \$20 million to FLEP in 2004 to ensure that private forestlands continue to provide sustainable forest products and protect the health of our water, air, and wildlife.

#### ANIMAL AND PLANT HEALTH INSPECTION SERVICE

*Wildlife Services.*—Wildlife Services (WS), a unit of APHIS, is responsible for controlling wildlife damage to agriculture, aquaculture, forest, range and other natural resources, for controlling wildlife-borne diseases, and for controlling wildlife at airports. Its activities are based on the principles of wildlife management and integrated damage management, and are carried out cooperatively with State fish and wildlife agencies.

The Wildlife Society is concerned about the proposed \$1.5 million decrease in funding for Methods Development for 2004. Many current wildlife control tools such as traps, snares and wildlife toxicants are becoming less acceptable to the public and are being prohibited in many states as the result of public referenda. The only credible way to identify and perfect new methods is through research. However, WS funding is only adequate to cover maintenance and operating costs and no funding is being provided for the development of new innovative wildlife damage management methods. The Wildlife Society requests a \$5 million increase for Methods Development to adequately continue non-lethal methods research and address the increased operating and maintenance costs.

*Veterinary Services.*—Chronic Wasting Disease (CWD) is a serious problem plaguing our Nation's deer and elk. The spread of CWD is draining already diminished Federal and State agency budgets and is hurting local economies that depends on revenues from recreational hunting. The Wildlife Society supports the Administration's request of \$14.9 million for the research, monitoring, and control of CWD.

#### COOPERATIVE STATE RESEARCH, EDUCATION AND EXTENSION SERVICES

*Renewable Resources Extension Act.*—The Wildlife Society was pleased that Congress appropriated \$423,000 above the Administration's request for the Renewable Resources Extension Act (RREA) in 2003. RREA provides an expanded, comprehensive extension program for forest and rangeland renewable resources. The need for these programs is greater now than ever due to fragmentation of ownerships, urbanization, the number and diversity of landowners needing assistance, and the increasing social concern for land use and its effect on soil, water, air, and wildlife.

It is important to note that RREA was reauthorized in the 2002 Farm Bill at \$30 million annually through 2007. Though RREA is proven to be effective at leveraging cooperative state and local funding, it has never been fully funded in the annual appropriations process. In fact, the fiscal year 2004 request for RREA falls back to the 2002 funding level, \$4.093 million, which is insufficient for assisting private landowners who own and manage most of the nation's natural resources. An increase to at least \$15 million would enable CSREES to expand its capability to assist more private landowners in improving management of private land while increasing farm revenue. Therefore The Wildlife Society recommends that the Renewable Resources Extension Act be funded at a minimum of \$15 million in fiscal year 2004.

*McIntire-Stennis.*—The McIntire-Stennis Cooperative Forestry program funds state efforts in forestry research to increase the efficiency of forestry practices, and to extend the benefits that come from forest and related rangelands. McIntire-Stennis calls for close coordination between state colleges and universities and the Federal Government, and is essential for providing research background for other Acts, such as RREA. The Administration's fiscal year 2004 request for McIntire-Stennis is \$21.884 million, in essence level with 2002 and 2003. The Wildlife Society recommends that funding for McIntire-Stennis Cooperative Forestry be increased to \$30 million.

*National Research Initiative.*—National Research Initiative Competitive Grants (NRI) are open to academic institutions, Federal agencies, and private organizations to fund research on improving agricultural practices, particularly production systems that are sustainable both environmentally and economically, and to develop methods for protecting natural resources and wildlife. Innovative grant programs

such as NRI help broaden approaches to land management, such as integrating timber and wildlife management on private lands. The Wildlife Society supports the Administration's 2004 request of \$200 million for National Research Initiative Competitive Grants, and requests Congressional approval.

Thank you for considering the views of wildlife professionals. We look forward to working with you and your staff to ensure adequate funding for wildlife conservation.