

AGRICULTURE, RURAL DEVELOPMENT, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2007

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 2007 budget request for programs within the subcommittee's jurisdiction.]

PREPARED STATEMENT OF THE AMERICAN FARM BUREAU FEDERATION

The Farm Security and Rural Investment Act of 2002 (FSRIA) was enacted 4 years ago following 2 years of exhaustive debate in the House and Senate. The new farm law represents a delicate balance by effectively addressing the stability of our agricultural production base, protecting our important natural resources and enhancing nutrition and food assistance programs in our Nation.

The mandatory programs administered by the Department of Agriculture such as commodity, conservation, crop insurance, export promotion programs, nutrition and forestry are of enormous importance to farmers, ranchers, rural businesses, low-income Americans and our Nation's children. Therefore, we respectfully ask the Appropriations Committee to avoid making any changes to mandatory programs within the USDA budget.

Contract-based working lands conservation programs such as the Environmental Quality Incentives Program (EQIP), Conservation Security Program (CSP), Wildlife Habitat Incentives Program (WHIP) and Forest Land Enhancement Program (FLEP) are a priority within the agricultural and landowner community, as shown by current levels of oversubscription. Farm Bureau is concerned that many of these programs have not been funded at optimum levels, especially the Conservation Security Program. This has led to a level of confusion among farmers and ranchers of when and how the program will be implemented within their particular watershed, and whether or not the financial incentives will be adequate to encourage participation. As we move forward in this budget process, Farm Bureau encourages Congress to find an appropriate balance of funding for targeted land idling programs, such as the General and Continuous Conservation Reserve Programs, with our current working lands conservation programs.

Farm Bureau supports the farm bill's 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, biomass research and development and value-added agricultural product development and marketing. These programs play a critical role in assisting in rural economic development as well as in increasing our Nation's energy independence and should be fully funded at authorized levels.

Farm Bureau has identified three areas as priorities for discretionary funding in fiscal year 2006. They are funding for animal identification implementation, programs that maintain the use of agriculture inputs and programs that increase agriculture exports.

PROGRAMS NECESSARY FOR IMPLEMENTATION OF ANIMAL IDENTIFICATION

The threat of bioterrorism and the discovery of bovine spongiform encephalopathy (BSE) in the United States has prompted increased action by USDA and others to step up animal disease surveillance and funding for critical programs such as animal identification. Farm Bureau places great priority on efforts to safeguard our livestock and food supply and requests increased resources be appropriated to the National Animal Identification System (NAIS) for these activities.

We have serious concerns about the adequacy of the administration's proposal for \$33 million for the Animal and Plant Health Inspection Service (APHIS) to continue implementation of the NAIS. Industry estimates of the U.S. Animal Identification Plan (USAIP), upon which the NAIS is based, forecast an ongoing cost of about \$100 million per year to effectively implement such a system. USDA has expended just \$84 million total in the first 2 years of development of the NAIS. When added to this year's budget request, the total Federal fund commitment amounts to approximately \$117 million. This is significantly short of the department's own cost estimate of \$550 million for the first 5 years of NAIS operation.

If the government were to fund \$33 million each year (the same as their budget requests during the first 3 years of operation), two-thirds of the cost of the NAIS would have to be funded by producers and affected industries in order for the NAIS to proceed on the timeline originally proposed by both USDA and the livestock industry. Farmers and ranchers cannot afford to bear the brunt of the cost of this program, which is essentially a public good. Although participating in the NAIS does provide some insurance to producers in the event of an animal health incident, this program also assists Federal animal health officials and is an important tool against the effects of accidental or intentional introduction of zoonotic disease. Given the benefits of the NAIS to the general public and our overall national biosecurity, a larger portion of the cost must be borne by the government.

If the industry bears the cost of identification devices and application of those devices, and the Federal Government were to fund the majority of the cost of database maintenance, program administration, and retro-fitting for data collection at large co-mingling sites (i.e., markets and processing facilities), the end result would be an almost equal funding distribution between industry and government. However, the current budget request will not support this funding split under the timeline proposed in USDA's NAIS Draft Strategic Plan. Under the fiscal year 2007 budget proposal, States and industry would have to bear a greater share of the cost burden in order to maintain the timeline through full implementation in 2009, although States and industry cannot afford to pay for the majority of the system, the United States cannot afford to delay implementation of the system. A delay could be economically devastating in the case of an animal disease outbreak such as foot-and-mouth disease (FMD), both in terms of the impact on the domestic herd and the implications from the loss of trading partners.

We appreciate the inclusion of NAIS funding in the fiscal year 2005 and fiscal year 2006 agriculture funding bills, and strongly encourage the committee to significantly increase that amount in this year's version of the agriculture appropriations bill. Progress has been seen in making premises registration available in all 50 States and multiple tribes. Nationally, just over 10 percent of all livestock premises are now identified, but much work remains to bring the remaining 90 percent into the system. Outreach and education are key to inform producers about the purpose of the NAIS; it is critical to immediately correct the many misconceptions that have circulated and may discourage producers from participating. In addition to continuing funding for APHIS's premises registration activities in cooperation with State animal health officials, we believe it is important to proceed with the next phases of the NAIS—the individual identification of animals or groups of animals, and the tracking of animal movements. The department has turned to the private sector to provide the data repository necessary for animal tracking; therefore, we encourage the committee to consider a cost-share funding allocation for privately managed, non-profit animal ID databases maintained by agricultural organizations. Such databases should be capable of providing multi-species data repository services and access to that data by State and Federal veterinary officials in the event of an animal health issue in order to meet public needs and justify a Federal funding appropriation.

While there are still some major issues to be resolved, primarily data confidentiality, AFBF strongly supports the NAIS. Timely implementation of this critical program will not only add to our ability to trace a diseased animal back to the source but will also reassure the public and our trading partners of a safe food supply system.

PROGRAMS TO INCREASE AGRICULTURAL EXPORTS

Creating new and expanding existing overseas markets for U.S. agricultural and food products is essential for a healthy agricultural economy anytime, but especially in 2006/07 when the USDA is forecasting a reduction in net U.S. farm income of \$15 billion. We recommend full funding of all export development and expansion programs consistent with our WTO commitments.

Export Development and Expansion Programs.—The Market Access Program, the Foreign Market Development Program, the Emerging Markets Program and the Technical Assistance for Specialty Crops program are all very effective export development and expansion programs that have demonstrated substantial increases in demand for U.S. agriculture and food products abroad. These programs are also important because they attract larger amounts of private sector funding into development and expansion activities for U.S. agriculture and food exports. We recommend full funding of these programs

Farm Bureau also supports General Sales Manager credit guarantee programs. These programs are important because they make available commercial financing to buyers of U.S. food and agricultural exports that might otherwise not be available. They should be funded at fully authorized levels.

Direct assistance for U.S. agricultural exports is also authorized by the Export Enhancement Program, a program to counter unfair trading practices of foreign countries. Farm Bureau supports the funding and use of this program in all countries and for all commodities where the United States faces unfair competition. The Dairy Export Incentive Program is another similar program that allows U.S. dairy producers to compete with foreign nations that subsidize their dairy exports. We recommend full funding of this program as well.

Food Aid Programs.—We urge full funding of Public Law 480 that serves as the primary means by which the United States provides needed foreign food assistance through the purchase of U.S. commodities. In addition to providing short-term humanitarian assistance, the program helps to develop long-term commercial export markets. We oppose any efforts to reduce funding of Public Law 480, especially efforts to transfer funding to other food aid and development programs outside the jurisdiction of USDA. Further, the International Food for Education Program will be an effective platform for delivering severely needed food aid and educational assistance and we urge its full support.

Plant and Animal Health Monitoring, Pest Detection and Control.—USDA services and programs that facilitate U.S. exports by certifying plant and animal health to foreign customers, that protect U.S. agricultural production from foreign pests and diseases, and fight against unsound non-tariff trade barriers by foreign governments should be funding priorities. Plant and animal health monitoring, surveillance and inspection are crucial. We support funding increases for improved plant pest detection and eradication, management of animal health emergencies and to increase the availability of animal vaccines. Expansion of Plant Protection and Quarantine personnel and facilities is necessary to protect U.S. agriculture from new, oftentimes virulent and costly pest problems that enter the United States from foreign lands.

APHIS Trade Issues Resolution and Management.—Full funding is needed for APHIS trade issues resolution and management. As Federal negotiators and U.S. industry try to open foreign markets to U.S. exports, they consistently find that other countries are raising pest and disease concerns (i.e., sanitary and phytosanitary measures), real or contrived, to resist or prohibit the entry of American products into their markets. Only APHIS has the technical capability to respond effectively to this resistance. It requires however, placing more APHIS officers at U.S. ports and in overseas locations where they can monitor pest and disease conditions, negotiate trading protocols with other countries and intervene when foreign officials wrongfully prevent the entry of American imports. It is essential that APHIS be positioned to swiftly and forcefully respond to such issues when and where they arise.

APHIS Biotech Regulatory Service (BRS).—Agricultural biotechnology is an extremely promising technology and all reasonable efforts must be made to allow continued availability and marketability of biotech tools for farmers. BRS plays an important role in overseeing the permit process for products of biotechnology. Funding for BRS personnel and activities are essential for ensuring public confidence and international acceptance of biotechnology products. AFBF supports an increase in spending to \$11.417 million (\$8.584 in 2006) for BRS because it will enable the USDA to increase inspections of genetically-modified crop field test sites and enhance its capacity to regulate transgenic animals, arthropods, and disease agents.

Foreign Agricultural Service (FAS).—The USDA's Foreign Agricultural Service will require sufficient funding to expand services to cover all existing and potential

market posts. We support continuance of funding at the 2006 appropriations level for the office of the secretary for cross-cutting trade negotiations and biotechnology resources.

PROGRAMS THAT MAINTAIN THE USE OF AGRICULTURE INPUTS

USDA must continue to work with EPA, agricultural producers, food processors and registrants to provide farm data required to ensure that agricultural interests are properly considered and fully represented in all pesticide registration, tolerance reassessment re-registration, and registration review processes. In order to participate effectively in the process of ensuring that crop protection tools are safe and remain available to agriculture, USDA must have all the resources necessary to provide economic benefit, scientific analysis and usage information to EPA. To this end, funding should be maintained or increased, and in some cases restored, to the following offices and programs:

Office of Pest Management Policy (OPMP).—OPMP has the primary responsibility for coordination of USDA's Food Quality Protection Act (FQPA) and crop protection obligations and interaction with EPA. Proper funding is vital for the review of tolerance reassessments, particularly dietary and worker exposure information; to identify critical uses, benefits and alternatives information; and to work with grower organizations to develop strategic pest management plans. The funding to OPMP should be designated under the secretary of agriculture's office, rather than as an add-on to the Agricultural Research Service budget.

Agriculture Research Service (ARS).—Integrated Pest Management (IPM) research, minor use tolerance research (IR-4) must have funding maintained, and research on alternatives to methyl bromide must have funding restored and receive future funding to satisfactorily 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).—Funding must be maintained, in some cases restored, and full future funding provided for Integrated Pest Management 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 and the pesticide applicator training program.

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

Food Quality and Crop Protection Regulation.—Additional funding for proper regulation of pesticides is needed in the following programs: National Agriculture Statistics Service pesticide use surveys; Food Safety Inspection Service increased residue sampling and analysis; Agricultural Marketing Service; and the Pesticide Data Program.

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 33 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 2007 (fiscal year 2007).

This statement is presented in three parts: (a) a summary of our fiscal year 2007 funding recommendation, (b) a brief background on Tribal Colleges and Universities, and (c) an outline of the 1994 Tribal College Land Grant Institutions' plan for using our land grant programs to fulfill the agricultural potential of American Indian communities, and to ensure that American Indians have the skills and support needed to maximize the economic development potential of their resources.

Summary of Requests

We respectfully request the following funding levels for fiscal year 2007 for our land grant programs established within the USDA Cooperative State Research, Education, and Extension Service (CSREES) and Rural Development mission areas. In CSREES, we specifically request: \$12 million payment into the Native American endowment fund; \$3.3 million for the higher education equity grants; \$5 million for the 1994 institutions' competitive extension grants program; \$3 million for the 1994 Institutions' competitive research grants program; and in Rural Development—

Rural Community Advancement Program (RCAP), that \$5 million be provided for each of the next 5 fiscal years for the tribal college community facilities grants program. RCAP grants help to address the critical facilities and infrastructure needs at the colleges that impede our ability to participate fully as land grant partners.

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, as much as any other higher education institutions, 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 Dine College, serving the Navajo Nation. Rapid growth 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 3 of which comprise the list of 1994 Land Grant Institutions located in 12 States—created specifically to serve the higher education needs of American Indian students. Annually, they serve approximately 30,000 full- and part-time students from over 250 Federally recognized tribes.

All of the 1994 Land Grant Institutions are accredited by independent, regional accreditation agencies and like all institutions of higher education, must undergo stringent performance reviews to retain their accreditation status. Tribal colleges serve as community centers by providing libraries, tribal archives, career centers, economic development and business centers, public meeting places, and child care centers. Despite their 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 operational costs for non-Indian students enrolled in our institutions, accounting for approximately 20 percent of our student population. Under these inequitable financing conditions and unlike our State land grant partners, our institutions do not benefit from economies of scale—where the cost per student to operate an institution is diminished by the increased 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 and Universities, American Indian communities are receiving services they need to reestablish themselves as responsible, productive, and self-reliant citizens. 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

Tragically, 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 nonrenewable. The Equity in Educational Land Grant Status Act of 1994 is starting to rectify this situation and is our hope for future advancement.

Our current land grant programs are small, yet very important to us. It is essential that American Indians explore and adopt new and evolving technologies for managing our lands. We have the potential of becoming significant contributors to the agricultural base of the Nation and the world.

Native American Endowment Fund.—Endowment installments that are paid into the 1994 Institutions' account remain with the U.S. Treasury. Only the annual interest, less the USDA's administrative fee, is distributed to the colleges. The latest gross annual interest yield (fiscal year 2005) is \$2,577,357 after the USDA's administrative fee of \$103,094 is deducted; \$2,474,263 is the amount available to be distributed among all of the eligible 1994 Land Grant Institutions by statutory formula. While we have not yet been provided the latest breakdown of funds distributed to each of the 1994 institutions, last year USDA's administrative fee amounted to more than the payment amounts to 75 percent of the 1994 Land Grant Institutions. After the distribution amounts are determined for this year's disbursement, we fully expect similar results. We respectfully ask that the Subcommittee review

the Department's administrative fee and consider reducing it for this program, so that more of these already limited funds can be utilized to conduct vital 1994 Land Grant community based programs.

Just as other land grant institutions historically received large grants of land or endowments in lieu of land, this endowment assists 1994 Land Grant Institutions in establishing and strengthening our academic programs in such areas as curricula development, faculty preparation, instruction delivery, and to help address 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 academic 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 less than satisfactory conditions. In fact most of the tribal colleges cite improved facilities as one of their highest priorities. Several of the colleges have indicated the need for immediate and substantial renovations to replace buildings that have long exceeded their effective life spans and to upgrade existing facilities to address accessibility and safety concerns.

Endowment payments increase the size of the corpus held by the U.S. Treasury and thereby increase the annual interest yield disbursed 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 continue to help address the critical and very expensive facilities needs at our institutions. Currently, the amount that each college receives from this endowment is not adequate to address curricula development and instruction delivery, as well as 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 frankly, under treaty obligations, warrant the facilities and infrastructure necessary to fully engage in education and research programs vital to the future health and well being of our reservation communities. We respectfully request the subcommittee fund the fiscal year 2007 endowment payment at \$12 million, \$120,000 above fiscal year 2006 and the in the President's Budget recommendation—restoring the across-the-board cut imposed on fiscal year 2006 appropriated levels. 1994 Institutions' Educational Equity Grant Program: Closely linked with the endowment fund, this program is designed to assist 1994 land grant institutions with academic programs. Through the modest appropriations made available since fiscal year 2001, the tribal colleges have been able to begin to support courses and plan activities specifically targeting the unique needs of their respective communities.

The 1994 Institutions have developed and implemented courses and programs in natural resource management; environmental sciences; horticulture; forestry; bison production and management; and especially food science and nutrition to address epidemic rates of diabetes and cardiovascular disease on reservations. If more funds were available through the Educational Equity Grant Program, tribal colleges could channel more of their endowment yield to supplement other facilities funds to address their critical infrastructure issues. Authorized at \$100,000 per eligible 1994 Institutions, in fiscal year 2006, approximately \$68,000 or two-thirds of the authorized level was available to the 1994 institutions, after across-the-board cuts and Department fees were applied to the initial appropriated level of \$2,250,000. We respectfully request full funding of \$3.3 million to allow the tribal colleges to build upon the courses and successful activities that have been launched.

Extension Programs.—The 1994 Institutions' extension programs strengthen 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 2006, \$3,273,000 was appropriated for the 1994 Institutions' competitive extension grants, a slight increase over fiscal year 2005. Without adequate funding, 1994 Institutions' ability to maintain existing programs and to respond to emerging issues such as food safety and homeland security, especially on border reservations, is severely limited. Increases in funding are needed to support these vital programs designed to address the inadequate extension services provided to Indian reservations by their respective State programs. It is important to note that the 1994 extension program is designed to complement the Indian Reservation Extension Agent program and does not duplicate extension activities. 1994 Land Grant programs are funded at very modest levels. The tribal college land grants have applied their ingenuity for making the most of every dollar they have at their disposal by leveraging funds to maximize their programs whenever possible. For example, College of Menominee Nation (CMN) in Keshena, Wisconsin, has a multiyear program that leverages funding from several activities to expand its extension program, which focuses on strengthening the economic capacity of the local community.

Partnering with U.S. Department of Health and Human Services, CMN is designing curriculum that involves tribal elders, relevant service providers, local schools, the Commission on Aging, and health clinics designed to encourage minority youth to enter Allied Health fields. With a grant from the Wisconsin Department of Transportation, the college's extension and outreach offers the Transportation Alliance for New Solutions (TRANS) program. This is a 120 hour program designed to train women and minorities in roads construction. In addition, the Federal Highway Administration and the Wisconsin Department of Transportation have provided grant funds to CMN extension and outreach to conduct a Summer Transportation Institute focusing on middle school students. Students spend 4 weeks exploring various careers within the transportation industry. CMN is just one example of the innovative programs being conducted at 1994 Institutions. To continue and expand these successful programs, we request the Subcommittee support this competitive program by appropriating \$5 million to sustain the growth and further success of these essential community based programs.

1994 Research Program.—As the 1994 Land Grant Institutions have begun to enter into partnerships with 1862/1890 land grant institutions through collaborative 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 institutional expertise, with the overall impact being far greater than the sum of its parts. We recognize the budget constraints under which Congress is functioning. However, \$1,039,000, the fiscal year 2006 appropriated level, is a 4.4 percent decrease in funding that was already grossly inadequate. This research program is vital to ensuring that tribal colleges may 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. \$1,039,000 for 33 institutions to compete for is clearly inadequate. Project areas being studied include soil and water quality, 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 a minimum of \$3 million to enable our institutions to develop and strengthen their research potential.

Rural Community Advancement Program (RCAP).—In fiscal year 2006, \$4,464,000 of the RCAP funds appropriated for loans and grants to benefit Federally recognized American Indian tribes were targeted for community facility grants for improvements at Tribal Colleges and Universities. This amounts to an increase of \$464,000 over the level that had been allocated to the program each year since it began in fiscal year 2001. This program requires a minimum 25 percent non-Federal match. Tribal colleges are chartered by their respective tribes, which enjoy a government-to-government relationship with the Federal Government. Due to this relationship, tribal colleges have very limited access to non-Federal dollars making non-Federal matching requirements a significant barrier to our colleges' ability to compete for much needed funds. The 2002 Farm Security and Rural Investment Act, (Public Law 107-171) included language limiting the non-Federal match requirement for the Rural Cooperative Development Grants to no more than 5 percent in the case of a 1994 institution. We would like to have this same language applied to the RCAP community facilities grants for tribal colleges to open the door to more 1994 Institutions to compete for these dollars.

We urge the Subcommittee to designate \$5 million for each of the next 5 fiscal years to afford the 1994 institutions the means to aggressively address critical facilities needs, thereby allowing them to better serve their students and respective communities. Additionally, we request that Congress include language directing the agency to limit the non-Federal matching requirement to not more than 5 percent, the same level as applied to the Rural Cooperative Development Grants program, to help the 1994 land grant institutions to effectively address critical facilities and construction issues at their institutions.

Conclusion

The 1994 Land Grant Institutions have proven to be efficient and effective vehicles for bringing educational 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 potential for benefiting from 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 support of the Tribal Colleges and Universities and we ask you to renew your commitment to help move our communities toward self-sufficiency. 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 equitable 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

PREPARED STATEMENT OF THE AMERICAN PUBLIC POWER ASSOCIATION

The American Public Power Association (APPA) is the national service organization representing the interests of over 2,000 municipal and other state and locally owned utilities throughout the United States (all but Hawaii). Collectively, public power utilities deliver electricity to one of every seven electricity consumers (approximately 43 million people), serving some of the nation's largest cities. However, the vast majority of APPA's members serve communities with populations of 10,000 people or less.

We appreciate the opportunity to submit this statement outlining our fiscal year 2007 funding priorities within the jurisdiction of the Agriculture, Rural Development, and Related Agencies Subcommittee.

Department of Agriculture: Rural Utility Service Rural Broadband Loan Program

APPA urges the Subcommittee to fully fund the Rural Utility Service's (RUS) Rural Broadband Loan Program at \$10 million, as authorized in the 2002 Farm Bill. A funding level of \$10 million would produce approximately \$356 million in RUS loans for fiscal year 2007.

APPA believes it is important to provide incentives for the deployment of broadband to rural communities, many of which lack broadband service. Increasingly, access to advanced communications services is considered vital to a community's economic and educational development. In addition, the availability of broadband service enables rural communities to provide advanced health care through telemedicine and to promote regional competitiveness and other benefits that contribute to a high quality of life. Approximately one-fourth of APPA's members are currently providing broadband service in their communities. Several APPA members are planning to apply for RUS broadband loans to help them finance their broadband projects.

PREPARED STATEMENT OF THE AMERICAN SOCIETY OF AGRONOMY, CROP SCIENCE SOCIETY OF AMERICA, AND SOIL SCIENCE SOCIETY OF AMERICA

Dear Chairman Bennett, Ranking Member Kohl and Members of the Subcommittee: On behalf of the American Society of Agronomy, Crop Science Society of America, Soil Science Society of America (ASA/CSSA/SSSA), we are pleased to submit comments in strong support of enhanced public investment in food and agricultural research, extension and education as a critical component of federal appropriations for fiscal year 2007 and beyond. With nearly 18,000 members, ASA/CSSA/SSSA are the largest life science professional societies in the United States dedicated to the agronomic, crop and soil sciences. ASA/CSSA/SSSA play a major role in promoting progress in these sciences through the publication of quality journals and books, convening meetings and workshops, developing educational, training, and public information programs, providing scientific advice to inform public policy, and promoting ethical conduct among practitioners of agronomy and crop and soil sciences. The programs and activities of ASA/CSSA/SSSA are tailored not only to our members' interests and scientific advancement, but also serve the public interest. ASA/CSSA/SSSA publish six peer-reviewed journals in which over 1100 scientific articles are published yearly. The peer-review procedures for manuscripts published in ASA/CSSA/SSSA journals as well as our activities and procedures for publishing ensure the highest quality and integrity in our scientific literature.

ASA/CSSA/SSSA understand the challenges the Senate Agriculture Appropriations Subcommittee faces with the tight agriculture budget for fiscal year 2007. We also recognize that the Agriculture Appropriations bill has many valuable and necessary components, and we applaud the efforts of the Subcommittee to fund mission-critical research through the USDA-Cooperative State, Research, Education and Extension Service as well as its intramural research portfolio funded through

the Agricultural Research Service. We are particularly grateful to the Subcommittee for funding the NRI at \$181 million in fiscal year 2006. Below we have highlighted recommendations for the fiscal year 2007 appropriations cycle.

Agricultural Research Service

ASA/CSSA/SSSA understand the agency's need to reprogram approximately \$49.1 million in funding to higher priority areas such as homeland security, emerging diseases, food safety, obesity, climate change, invasive species, and genomics and genetics. ASA/CSSA/SSSA applaud ARS's ability to respond quickly and flexibly to rapidly changing national needs. The proposed increase of \$57.7 in new monies for these high priority areas is also commended. However, ASA/CSSA/SSSA are concerned that the proposed overall cut in total funding for ARS of \$123, or 11 percent, from fiscal year 2006 enacted, could result in decreased research capacity and/or the elimination of important research programs currently underway. ASA/CSSA/SSSA urge the Subcommittee to act judiciously and not implement such drastic funding cuts for this critical research agency.

Cooperative State Research, Education, and Extension Service

National Research Initiative.—ASA/CSSA/SSSA strongly endorse the President's proposed fiscal year 2007 budget increase of \$66.3 million for the National Research Initiative Competitive Grants Program (NRI) which would bring total funding for this important research program to \$247.5 million. However, we do not support the President's proposal to transfer the \$42.3 million Sec 406 (Integrated Research, Education, and Extension program) program into the NRI. This transfer may result in the loss of critical programs such as the Organic Transitions Program.

NRI Integrated Research.—ASA/CSSA/SSSA request that any new monies appropriated for the NRI, as requested by the administration, allow the Secretary the discretion to apply up to 30 percent towards carrying out the NRI integrated research, extension and education competitive grants program.

Sustainable Agriculture Research and Education Programs.—ASA/CSSA/SSSA oppose the administration's request to cut funding for SARE by more than \$3 million. At a minimum, the Subcommittee should fund SARE at the fiscal year 2006 enacted (pre-rescission) level of \$12.4 million.

Indirect Costs.—ASA/CSSA/SSSA applaud the administration's proposal to eliminate the indirect cost cap on the NRI, set at 20 percent for fiscal year 2006, which will broaden its appeal by putting the NRI on equal footing with other federal competitive grants programs such as those of NSF and NIH. However, we are concerned that new funding was not provided to cover this change.

Research Formula Funding.—ASA/CSSA/SSSA oppose the administration's proposal to change the methodology for distributing Hatch Funds and McIntire-Stennis Funds through a multistate, competitively awarded proposal program. Such drastic changes would be detrimental to the entire USDA research portfolio. Because of their timing and potential regional and intra-state impacts, much of the infrastructure needed to conduct competitively funded research could be compromised if formula funds were to be redirected as proposed, and could irreparably damage programs housed at each land-grant university. This would mean a huge and potentially damaging loss of national infrastructure to conduct agricultural research. The private sector depends heavily on the agricultural technology and training provided by the U.S. land grant system, and the impact of such a drastic transfer of formula funds to a competitive grants program would affect not only the viability of U.S. industry but also the health and survival of millions of people across the globe. Moreover, as noted below, investments in formula funded research show an excellent annual rate of return.

Agrosecurity.—ASA/CSSA/SSSA support the request of the administration that \$12 million be provided for the Animal and Plant Diagnostic Labs and EDEN to facilitate protecting America's agricultural production systems. ASA/CSSA/SSSA also endorse the administration's request (\$5.0 million) for the Agrosecurity Curricula Development, which we consider to be a critical new initiative. Recent security threats facing America require new and expanded agricultural research to protect our nation's natural resources, food processing and distribution network, and rural communities that will secure America's food and fiber system.

Higher Education.—ASA/CSSA/SSSA urge the Subcommittee to fund the Institution Challenge Grants at \$6 million which will restore some of the funding lost due to the 2006 rescission. We applaud the Administration's budget request of \$4.445 million for the Graduate Fellowships Grants.

Extension Formula Funding.—Extension forms a critical part of the research, education and extension program integration, the hallmark of CSREES which is not seen in other agencies. Unfortunately, the Smith Lever 3(b) and 3(c) account has

been flat-funded (in constant dollars, this account has seen a gradual erosion in funding), in recent years. Moreover, the current trend of annual rescissions has resulted in an even lower funding level for this and other vital extension programs. ASA/CSSA/SSSA proposes, at a minimum, that the Subcommittee restore funding for Smith Lever 3(b) and 3(c) to the fiscal year 2006 pre-rescission enacted level of \$275.73 million.

A balance of funding mechanisms, including intramural, competitive and formula funding, is essential to maintain the capacity of the United States to conduct both basic and applied agricultural research, improve crop and livestock quality, and deliver safe and nutritious food products, while protecting and enhancing the Nation's environment and natural resources. In order to address these challenges and maintain our position in an increasingly competitive world, we must continue to support research programs funded through ARS and CSREES. Congress must enhance funding for agricultural research to assure Americans of a safe and nutritious food supply and to provide for the next generation of research scientists. According to the USDA's Economic Research Service (Agricultural Economic Report Number 735), publicly funded agricultural research has earned an annual rate of return of 35 percent. This rate of return suggests that additional allocation of funds to support research in the food and agricultural sciences would be beneficial to the U.S. economy. We must also continue support for CSREES-funded education programs which will help ensure that a new generation of educators and researchers is produced. Finally, we need to ensure support for extension at CSREES to guarantee that these important new tools and technologies reach and are utilized by producers and other stakeholders.

As you lead the Congress in deliberation on funding levels for agricultural research, please consider American Society of Agronomy, Crop Science Society of America, Soil Science Society of America as supportive resources. We hope you will call on our membership and scientific expertise whenever the need arises.

PREPARED STATEMENT OF THE AMERICAN SOCIETY OF CIVIL ENGINEERS

The American Society of Civil Engineers (ASCE) is pleased to offer this testimony on the President's proposed budget for the Natural Resources Conservation Service (NRCS) for fiscal year 2007.

ASCE was founded in 1852 and is the country's oldest national civil engineering organization. It represents more than 139,000 civil engineers in private practice, government, industry and academia who are dedicated to the advancement of the science and profession of civil engineering. ASCE is a 501(c)(3) non-profit educational and professional society.

The Administration's proposed fiscal year 2007 budget includes only \$15.3 million in discretionary appropriations to fund rehabilitation of unsafe and seriously deficient dams that were originally constructed under USDA Watershed Programs. This is more than a 50 percent reduction from the fiscal year 2006 when \$31.5 million was appropriated by Congress.

ASCE respectfully requests that this Subcommittee increase the Administration's proposed appropriation to \$75 million. This amount is \$60 million less than the total \$135 million authorized in the 2002 Farm Bill which includes discretionary funds and Commodity Credit Corporation (CCC) mandatory funding.

Of the 78,000 dams in the United States, 95 percent are regulated by the states. Approximately 10,400 of these dams are small watershed structures built under the United States Department of Agriculture programs authorized by Congress beginning in the 1940s (primarily the Flood Control Act of 1944, Public Law 78-534 and the Watershed Protection and Flood Control Act of 1953, Public Law 83-566). By the year 2020, more than 85 percent of all dams in the United States will be more than 50 years old, the typical useful life span.

THE URGENT NEED FOR FEDERAL ACTION

The benefits from the 11,000 improved watershed dams are enormous. The dams provide downstream flood protection, water quality, irrigation, local water supplies and needed recreation. Yet these benefits to lives and property are threatened. The small watershed dams are approaching the end of their useful lives as critical components deteriorate. The reservoirs become completely filled with sediment, downstream development increases the potential hazards and significantly changes the design standards, and many dams do not meet State dam safety standards.

Although these dams were constructed with technical and financial assistance from the Department of Agriculture, local sponsors were then responsible for operation and maintenance of the structures. Now these dams are approaching the end

of their useful lives, yet the resource need is still great. The flood control benefits, the irrigation needs, the water supply, the recreation and the conservation demands do not end. In fact, they are more necessary than ever as downstream development has dramatically increased the number of people, properties and infrastructure that are protected by the flood control functions of these dams. The Federal Government has a critical leadership role in assuring that these dams continue to provide critical safety and resource needs.

The NRCS in the Department of Agriculture has estimated the cost of rehabilitating the small watershed dams at \$542 million. While the average rehabilitation cost per dam is approximately \$242,000, the local sponsors typically do not have sufficient financial resources to complete these necessary repairs to assure the safety and critical functions of these dams. The Federal Government must recognize the urgent need to provide assistance to maintain these dams. Congress should reinforce its earlier commitment to the goals of the Flood Control Acts of 1944 and 1953.

Since the program began, there have been 136 watershed rehabilitation projects initiated in 21 States, which include 47 completed rehabilitation projects and 89 projects either in the planning, design or construction phase. It is clear from these 136 projects as well as the 76 projects, which requested assistance but were unable to be funded in fiscal year 2006, just how much demand exists; and how successful this USDA program is.

EXTENT OF THE PROBLEM

ASCE views the funding of dam safety repairs as a critical need for the nation. In ASCE's 2005 Report Card for America's Infrastructure dams received a grade of D. Nearly 3,500 unsafe dams have been identified in this country and many of the owners do not have sufficient funding sources.

More than 900 watershed dams across the nation will need rehabilitation in just the next five years at a cost of over \$570 million. These numbers will increase as dams get older and thousands of people and millions of dollars of property could be at risk if these dams should fail. That is why Congress authorized \$600 million for rehabilitation for 2003–2007 in the last Farm Bill. Local watershed project sponsors provide 35 percent of the cost of the rehabilitation projects and many have local cost-share funds ready for projects that could be lost if the Federal money isn't made available.

Many of these urgent repairs and modifications are needed because of the following: downstream development within the dam failure flood zone, replacement of critical dam components, inadequate spillway capacity due to significant watershed development and increased design criteria due to downstream development.

Many of the small watershed dams do not meet minimum State dam safety standards and many that are being counted on for flood protection can no longer provide flood protection due to excessive sedimentation and significant increases in runoff from development within the watershed. The dams suffer from cracked concrete spillways, failing spillways, inoperable lake drains and other problems that require major repairs that are beyond the capability of the local sponsors.

THE COST OF NO ACTION

These small watershed dams have been a silent and beneficial part of the landscape. Failure to make the necessary upgrades, repairs and modifications will increase the likelihood of dam failures. Continued neglect of these structures may easily result in reduced flood control capacity causing increased downstream flooding. Failure of a dam providing water supply would result in a lack of drinking water or important irrigation water.

The recent dam failures in Hawaii and Missouri, and the near failure in Massachusetts last year have brought into tragic focus for the public the impact aging and under-funded dams can have on a community. The floods in Georgia in 1993 and in the Midwest in 1994 are recent reminders of natural events that can cause enormous disasters, including dam failures. The failure to act quickly will clearly result in continued deterioration and a greater number of unsafe dams until a dam failure disaster occurs. The failure of a 38-foot tall dam in New Hampshire in 1996, which caused \$5.5 million in damage and one death, should be a constant reminder that dam failures happen and can have tragic consequences.

Completion of the needed repairs will result in safer dams, as well as continued benefits. Failure to establish a mechanism to reinvest in these structures will greatly increase the chances of dam failures and loss of benefits, both having significant economic and human consequences. Costs resulting from flood damage and dam failure are high and unnecessarily tap the Federal Government through disaster relief funds or the National Flood Insurance Program.

RECOMMENDATION

ASCE 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, ASCE respectfully requests that this Subcommittee provide additional appropriations beyond the Administration's request to \$75 million for fiscal year 2006.

The condition of our Nation's dams, and the need for watershed structure rehabilitation, should be a national priority before we have to clean up after dam failures that we know are likely to happen if nothing is done.

PREPARED STATEMENT OF THE AMERICAN SOCIETY FOR MICROBIOLOGY

The American Society for Microbiology (ASM) appreciates the opportunity to submit testimony on the fiscal year 2007 appropriation for the United States Department of Agriculture (USDA). The ASM is the largest single life science organization in the world, with more than 42,000 members who work in academic, industrial, medical, and governmental institutions. The ASM's mission is to enhance the science of microbiology, to gain a better understanding of life processes, and to promote the application of this knowledge for improved plant, animal and human health, and for economic and environmental well-being.

The USDA sponsors research and education programs, which meet the USDA's strategic goals of enhancing competitiveness and sustainability of U.S. agriculture; increasing economic opportunities and improving quality of life in rural America; enhancing protection and safety of the Nation's agriculture and food supply; improving the Nation's nutrition and health; and protecting and enhancing the Nation's natural resource base and environment. U.S. agriculture faces new challenges, including threats from emerging infectious diseases in plants and animals such as avian influenza, as well as threats from climate change, and public concern about food safety and security. It is critical to increase the visibility and investment in agriculture research to respond to these challenges. The ASM urges Congress to provide increased funding for research programs within the USDA in fiscal year 2007.

Microbiological research in agriculture is vital to understanding and finding solutions to foodborne diseases, endemic diseases of long standing, new and emerging plant and animal diseases, development of new agriculture products and processes and addressing existing and emerging environmental challenges. Unfortunately, Federal investment in agricultural research has not kept pace with the need for additional agricultural research to solve emerging problems. The USDA funds more than 90 percent of all Federal support for the agricultural sciences. According to the USDA Economic Research Service (ERS) report, *Agricultural Research and Development: Public and Private Investments Under Alternative Markets and Institutions*, the rate of return on public investment in basic agricultural research is estimated to be between 60 and 90 percent.

USDA National Research Initiative Competitive Grants Program

The National Research Initiative Competitive Grants Program (NRI) was established in 1991 in response to recommendations outlined in *Investing in Research: A Proposal to Strengthen the Agricultural, Food and Environmental System*, a 1989 report by the National Research Council's (NRC) Board on Agriculture. This publication called for increased funding of high priority research that is supported by the USDA through a competitive peer-review process directed at:

- Increasing the competitiveness of U.S. agriculture.
- Improving human health and well-being through an abundant, safe, and high-quality food supply.
- Sustaining the quality and productivity of the natural resources and the environment upon which agriculture depends.

Continued interest in and support of the NRI is reflected in two subsequent NRC reports, *Investing in the National Research Initiative: An Update of the Competitive Grants Program of the U.S. Department of Agriculture*, published in 1994, and *National Research Initiative: A Vital Competitive Grants Program in Food, Fiber, and Natural Resources Research*, published in 2000.

Today, the NRI, housed within the USDA Cooperative State Research, Education, and Extension Service (CSREES), supports research on key problems of national and regional importance in biological, environmental, physical, and social sciences relevant to agriculture, food, and the environment on a peer-reviewed, competitive basis. Additionally, the NRI enables the USDA to develop new partnerships with other Federal agencies that advance agricultural science. Examples of such collaborations include the USDA's involvement in the Microbial Genome Sequencing Pro-

gram, the Maize Genome Program, the Microbial Observatories program, the Plant Feedstock Genomics for Bioenergy program, the Metabolic Engineering program, and the Climate Change Science Plan.

The ASM urges Congress to support the Administration's requested increase for the NRI in fiscal year 2007. NRI's proposed increase comes from shifting the CSREES Integrated Activities, such as food safety, pest management, and water quality, making up \$42.7 million of the proposed increase, providing a net increase of \$24 million for the NRI including the additional responsibility of the Integrated Programs. The ASM supports the Administration's effort to increase competitively awarded funding mechanisms and believes that competitive grants ensure the best science.

Additional funding for the NRI is needed to expand research in microbial genomics and to provide more funding for merit reviewed basic research with long-term potential for new discoveries and products. It is critical to increase the visibility and investment in agriculture research to respond to these challenges and we appreciate Congress's efforts to fund the NRI at \$181 million in fiscal year 2006 and urge Congress to support the Administration's fiscal year 2007 request of \$247.5 million for this program.

Agricultural Research Service

The Agricultural Research Service (ARS) is the USDA's chief scientific research agency, which conducts research to develop new scientific knowledge, transfers technology to the private sector to solve critical agricultural problems of broad scope and high national priority, and provides access to scientific data. The ARS supports approximately 1,200 individual research projects conducted by scientists from the USDA at over 100 Federal facilities. The Administration requests approximately \$1.03 billion for the ARS in fiscal year 2007, a 20 percent decrease from fiscal year 2006. The ASM urges Congress to strongly support the ARS in fiscal year 2007.

USDA Food and Agriculture Defense Initiative

The Food and Agriculture Defense Initiative is an interagency initiative to improve the Federal Government's capability to rapidly identify and characterize a bioterrorist attack, by improving the national surveillance capabilities in human health, food, agriculture, and environmental monitoring. The ASM supports the Administration's request for this initiative of \$322 million for fiscal year 2007, an increase of \$127 million over fiscal year 2006. This does not include funding for construction of the Ames, Iowa facility for animal research and diagnostics, which was fully funded in fiscal year 2006. Of the total amount, an increase of approximately \$30 million for Food Defense would enhance the Food Safety and Inspection Service's (FSIS) ability to detect and respond to food emergencies and for the USDA's research agencies to conduct related research. For Agriculture Defense, the budget includes a \$97 million increase to improve the Animal and Plant Health Inspection Service's (APHIS) monitoring and surveillance of plant and animal health, including wildlife; response capabilities, including provisions for the National Veterinary Stockpile; and further research on emerging and exotic diseases.

The ASM supports this greater emphasis on research in the Food and Agriculture Defense Initiative and recommends an increase in funding, both extramural and intramural, for research on pathogenic microorganisms as part of the Food and Agriculture Defense Initiative.

Food Safety

The Centers for Disease Control (CDC) estimates that each year 76 million people get sick, more than 300,000 are hospitalized, and 5,000 die because of foodborne illnesses. Primarily the very young, the elderly, and the immunocompromised are affected. Recent changes in human demographics and food preferences, changes in food production and distribution systems, microbial adaptation, and lack of support for public health resources and infrastructure have led to the emergence of novel as well as traditional foodborne diseases. With increasing travel and trade opportunities, it is not surprising that now there is a greater risk of contracting and spreading a foodborne illness locally, regionally, and even globally. (MMWR 2004;53[No. RR-04]). The USDA's Economic Research Service (ERS) estimates that the medical costs, productivity losses, and costs of premature deaths for diseases caused by just five types of foodborne pathogens exceeds \$6.9 billion per year in the United States. The USDA plays a vital role in the government's effort to reduce the incidence of foodborne illness. Continued and sustained research is important to safeguarding the Nation's food supply and focusing on methods and technologies to prevent microbial foodborne disease and emerging pathogens. The ASM supports the requested increases for the Food and Agriculture Defense Initiative and the Food Safety and Inspection Service. Without sustained significant increases in the level of food safety

research funding, meeting the National Health Objectives for 2010 in all likelihood will not become reality. The ASM recommends a substantial increase in food safety research, which is essential to ensure the protection of the Nation's health.

Genomics Initiative

The NRI and the ARS fund the USDA collaborative efforts in the field of genomics. There are opportunities to leverage the USDA's investments with those of the National Institutes of Health (NIH), the Department of Energy (DOE), and the National Science Foundation (NSF) in projects to map and sequence the genomes of agriculturally important species of plants, animals, and microbes. Determining the function of the sequenced genomes (functional genomics) and analyses of the data (bioinformatics) now need investment for new management techniques and tools. The USDA plays an important role in coordinating and participating in interagency workgroups on domestic animal, microbial, and plant genomics. Access to genomic information and the new tools to utilize it have implications for virtually all aspects of agriculture. The ASM urges Congress to provide strong support for the USDA genomics initiative.

Emerging Infectious Diseases in Plants and Animals

The food production and distribution system in the United States is vulnerable to the introduction of pathogens and toxins through natural processes, global commerce, and intentional means. The ASM supports increases in the USDA research budget for emerging diseases and invasive species. Nearly 200 zoonotic diseases can be naturally transmitted from animals to man and opportunistic plant pathogens and soil-inhabiting microorganisms can be causal agents of infection and disease in humans. For emerging diseases to be effectively detected and controlled the biology, ecology, and mechanisms for pathogenicity of the causal pathogens must be understood and weaknesses exploited to limit their impact. This research will help address the risk to humans from emerging diseases and opportunistic pathogens, and will ensure the safety of plant and animal products. Additionally, expanded research is needed to accelerate the development of information and technologies for the protection of United States agricultural commodities, wildlife and human health against emerging diseases.

Antimicrobial Resistance Research

The USDA plays a key role in addressing the national and global increase in antimicrobial resistance and the complex issues surrounding this public health threat. The ARS Strategic Plan for 2003–2007 states the need to “determine how antimicrobial resistance is acquired, transmitted, maintained, in food-producing animals, and develop technologies or altered management strategies to control its occurrence.” In 1996, the Department of Health and Human Services (HHS) and the USDA established the National Antimicrobial Resistance Monitoring System (NARMS) to monitor trends in antimicrobial resistance in foodborne pathogens; the USDA has expanded monitoring to include the Collaboration on Animal Health Food Safety Epidemiology (CAHFSE) program. The USDA support for these projects should continue and the ASM urges Congress to increase support for antimicrobial resistance surveillance, research, prevention, and control programs.

Conclusion

The USDA's mission and goals of leadership on food, agriculture, and natural resources, based on sound public policy, the best available science, and efficient management should be strongly supported. With a significant investment in research, the USDA will be better able to meet its goals. The ASM urges Congress to increase funding for agricultural research programs to enable the USDA to help ensure a safe, nutritious and plentiful food supply for America. This includes providing \$247.5 million for the NRI in fiscal year 2007.

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 appropriations process.

PREPARED STATEMENT OF THE AMERICAN SOCIETY FOR MICROBIOLOGY

The American Society for Microbiology (ASM) is submitting the following statement in support of increased funding for the fiscal year 2007 budget of the Food and Drug Administration (FDA). The ASM is the largest single life science society in the world with over 42,000 members who are involved in basic and applied research and testing in university, industry, government and clinical laboratories.

The Administration's fiscal year 2007 budget request of \$1.95 billion for the FDA includes \$1.55 billion in budget authority and \$402 million in industry user fees, a total increase of \$70.8 million or 3.8 percent over the fiscal year 2006 budget. Despite the proposed increase, the FDA's budget continues to be constrained, especially in view of the increasing demands on the FDA related to food safety, pandemic influenza, new and emerging infectious diseases, such as West Nile and Mad Cow Disease, drug safety, and initiatives to advance innovation in medical product development. The ASM recommends that Congress provide additional funding for the FDA to increase its fiscal year 2007 proposed budget. Increased support for the FDA will enable the Agency to enhance programs that protect against unsafe healthcare products, unhealthy foods, and health challenges from bioterrorism or natural disasters. The FDA regulates products that account for almost 25 percent of U.S. consumer spending, including 80 percent of our national food supply and all human drugs, vaccines, medical devices, tissues for transplantation, equipment that emits radiation, cosmetics, and animal drugs and feed. Together these products are worth nearly \$1.5 trillion annually and affect the daily lives of people.

Protecting America's Health—Pandemic Preparedness

The specter of a potential influenza pandemic requires increased resources for preparedness. Recent research has found that viruses responsible for the three influenza pandemics in the past century carried genes from avian influenza viruses. In the current H5N1 outbreak, the World Health Organization has confirmed about 186 human cases although thus far the virus does not spread readily from human to human. If viral mutations make human-to-human transmission a tragic reality, however, a deadly pandemic could cause millions of human deaths and billions in economic costs. The FDA request for fiscal year 2007 asks for \$55.3 million for pandemic preparedness, an amount \$30.5 million more than the fiscal year 2006 level.

The FDA provides unique support to the recently launched National Strategy for Pandemic Influenza, a broad, multi-agency effort to better prepare the United States for any pandemic influenza. This Federal response targets three primary goals: detect and contain outbreaks wherever they occur; ensure that Federal, State, and local communities are prepared; and stockpile vaccines and antiviral drugs through accelerated development of new vaccine technologies and greatly increased U.S. production capacity. Last December, when the Department of Health and Human Services (DHHS) announced its Pandemic Influenza Plan as part of the Federal strategy, the ASM endorsed its priority of increased vaccine manufacturing capacity (enough vaccine for all Americans within 6 months of a domestic outbreak). At present, there are not nearly enough vaccines and antiviral drugs to meet Federal goals. The ASM is concerned that adequate funding be given to the FDA, which will be a central figure in vaccine and antiviral development and manufacturing. Heightened output using new technologies will further burden the FDA's product evaluation process, already stretched by research responses to emerging infectious pathogens like SARS and West Nile virus.

Scientists at the FDA's Center for Biologics Evaluation and Research (CBER) and Center for Drug Evaluation and Research (CDER) will shoulder much of the Agency's growing vaccine and antiviral contribution towards pandemic preparedness. Researchers from the FDA and their private-industry partners will tackle the critical issues of expanding U.S. capacity for traditional egg-based vaccine production, the technological transition to cell-culture-based vaccine production, and development of innovative vaccines and therapeutic drugs. Through the FDA's Critical Path Initiative to get products to market more quickly, accelerated approval can help expedite the Federal stockpile of vaccines and antivirals needed to counter pandemic influenza.

The FDA not only assures the safety and efficacy of new products, but agency personnel also provide technical support to manufacturers from laboratory to market. In early March, the FDA issued two sets of draft recommendations to aid manufacturers in developing vaccines, one for seasonal, one for pandemic influenza. Seasonal influenza is an ever present threat to American health and with pneumonia, it remains the leading infectious cause of U.S. deaths. The two guidances also address some promising higher-output technologies for vaccine production, such as cell culture and recombinant manufacturing. The scientific advances from the FDA's influenza activities will undoubtedly heighten protection against infectious diseases in general, as well as production of antiviral vaccines and drugs in particular. Efforts by the influenza preparedness programs also will improve the safety of our national food supply. Scientists from the FDA are developing new methods to detect antiviral drug residues in food, while FDA communications personnel are creating public guidelines on food preparation in the event that avian influenza reaches poultry flocks in the United States.

Protecting America's Health—Food Security and Safety

The FDA oversees about 80 percent of the nation's entire food supply, with only the exception of meat, poultry, and some egg products regulated by the Department of Agriculture (USDA). Within the FDA, the Center for Food Safety and Applied Nutrition (CFSAN) and the Office of Regulatory Affairs are responsible each year for goods worth \$417 billion in domestically produced foods and \$49 billion in imported foods. In fiscal year 2007, the agency's Prior Notice Center is expecting to process daily up to 20,000 notifications of food import shipments. The FDA's food safety efforts involve reams of regulations, constant laboratory testing with the latest methods, and field inspections of producers and handlers from among the 420,000 FDA-registered food establishments here and abroad. The Administration's proposed fiscal year 2007 budget requests about \$450 million for the FDA foods program, an increase of \$11 million over last fiscal year. Within this total, \$178 million is earmarked for protecting our food against deliberate attacks, a \$20 million increase over fiscal year 2006.

The CFSAN conducts research typically not conducted by industry or other research agencies, which provides the basis for regulating the food-producing and processing industries to ensure a safe and nutritious food supply from farm to table. It provides the scientific basis for nutrition labeling regulations and guidance, identification of foodborne pathogens, the development of mitigation and prevention strategies, as well as identifying and recommending the adoption of innovative technologies that reduce public health concerns related to foodborne pathogens. The ASM is concerned with the proposed \$5.2 million reduction for the CFSAN in fiscal year 2007, and the redirection of resources from base programs that includes cuts to the CFSAN's research program and the loss of 64 full-time employees (FTE). With the current increasing trends in importation of produce, the FDA needs to strengthen its role in this area, including better sampling and real-time microbiological testing procedures, and more inspectors to provide a greater assurance of public health protection.

Protecting the nation's food supply from bioterrorism is one of the FDA's priority initiatives for fiscal year 2007, specifically through improved prevention strategies and plans, advanced screening methods to detect microbial food contamination, and outreach to industry, State, and local stakeholders. The FDA's Food Defense Initiative is part of an interagency strategy involving the Department of Homeland Security, the USDA, and other government entities. Because of countless possibilities for intentional and accidental food contamination, the ASM supports the aggressive measures taken by the FDA to inspect, detect, and prevent unsafe foods. For example, in fiscal year 2005, the FDA conducted more than 86,000 import security reviews to identify any imported food and feed products that might be intentionally contaminated. Much of the fiscal year 2007 budget increase would expand the FDA's Food Emergency Response Network (FERN) and the Internet-based data exchange system used by health labs at all levels, the Electronic Laboratory Exchange Network (eLEXNET). FERN is a network of Federal and State laboratories designed to guarantee the analytic surge capacity to respond to any attack on the U.S. food system. By the end of fiscal year 2006, the network will incorporate 10 Federal and 10 State labs; the additional fiscal year 2007 funds will expand the network into 6 more State labs. Funds also support related basic food defense research and other surveillance linkages among Federal, State, and local responders.

Although impressive in its quantity, quality and diversity, the food supply system in the United States nonetheless remains vulnerable to accidental cases of foodborne infectious diseases. Health officials report that each year these diseases are responsible for an estimated 76 million illnesses, more than 300,000 hospitalizations, and 5,000 deaths. The USDA has estimated that each year the most common foodborne pathogens cost the U.S. economy as much as \$6 billion through direct medical costs (acute and chronic cases) and lost productivity. The ASM commends the FDA regulatory and research programs that address health risks related to foods, cosmetics, and animal feed and drugs, many of which involve microbial pathogens. Globalization of our food sources has diversified American diets, but it also greatly increases the possibilities for contamination as we eat more fresh produce, once-unfamiliar foods, and products from less-regulated import sources. Oversight of the new genetically engineered foods and recent dramatic growth in the diet supplement industry also stretches limited FDA food safety resources.

An estimated 118,000 illnesses occur each year in the United States due to eggs contaminated with Salmonella bacteria (Salmonella caused infections alone account for \$1 billion yearly in direct and indirect costs). In 2006, the FDA expects to publish its final rule to the States and the egg industry to prevent Salmonella contamination during production, with the intent of reducing the annual human cases by at least 33,500. The agency uses on-going surveillance of U.S. foodborne disease out-

breaks to detect any incidents with products regulated by the FDA. It also has several emergency response plans to address sudden threats to food safety, for example, post-Katrina deployment to assess stored-food sources in the Gulf Coast, and the BSE Emergency Response Plan to quickly evaluate with the USDA any report of bovine spongiform encephalopathy in US cattle. For fiscal year 2007, BSE research/detection will be one of the two highest-priority programs at the FDA's Center for Veterinary Medicine, along with reduction of antimicrobial resistance in humans now linked to antibiotics fed to food animals.

Protecting America's Health—Biomedical Frontiers

The new Critical Path to Personalized Medicine will be the FDA's top scientific policy initiative for at least the next 5 years, created "to accelerate the field of personalized, predictive, and preemptive medicine." Economic experts predict that by 2015 the United States will pay out about 20 percent of its gross domestic product on health spending. The FDA is seeking to more efficiently evaluate pre-market biomedical products. The critical path initiative is the Agency's response to recent stagnation in new product development due to problematic clinical trials or manufacturing procedures that disallow approval FDA from the FDA. By using cutting-edge molecular biology technologies, the FDA expects to modernize the medical product development process with cooperation from private industry. These technologies also will enable scientists from the FDA to evaluate and encourage superior therapies personalized or tailored to individual groups of patients, reducing the time-consuming need to approve products for broad use and paving the way to less-expensive clinical trials and more effective drugs. The new molecular-based technologies also are expected to help predict which patients would benefit from a particular therapy and which might suffer ill effects. The ASM agrees with the FDA intent to stimulate private industry use of new generations of scientific tools, in order to expedite technology transfer and to help maintain U.S. science-based competitiveness in an expanding global healthcare market.

Conclusion

The ASM strongly recommends an increased budget for the FDA, which would benefit its important programs and provided need resources for priority initiatives.

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

The American Society of Plant Biologists (ASPB), a non-profit society representing nearly 6,000 plant scientists, urges the Subcommittee to support the President's fiscal year 2007 budget request of \$247.5 million for the Department of Agriculture National Research Initiative Competitive Grants Program (NRI). We urge a significant increase for the Cooperative State Research Education, and Extension Service (CSREES) and Agricultural Research Service (ARS) over the fiscal year 2006 appropriation.

Basic plant research supported by USDA-ARS and CSREES, including the NRI, provides new knowledge that leads to improved and value-added crops. This enhances economic opportunities for America's farmers. This in turn benefits rural economies and the quality of life in rural communities.

As ASPB Committee on Public Affairs Chair Roger Innes, Professor, Indiana University, noted, NRI-funded research performed by ASPB members has led to major advances in enhancing and protecting the safety of the Nation's agriculture and food supply. ASPB members are also studying how plants accumulate nutrients in order to develop crop plants with higher nutrient content and are learning how plants utilize water and soil nutrients (e.g. nitrogen and phosphorous) in an effort to develop crops that require less fertilizer, which would have major environmental, economic and health benefits.

Advances in science made possible through the NRI will enable farmers to reduce their dependency on pesticides and antibiotics and to protect the water supply, soils and fragile ecosystems, noted ASPB Committee on Public Affairs Chair Pamela Ronald, Professor, University of California, Davis.

Research sponsored by the NRI contributes to higher yields and safer foods. The NRI contributes to the talent pool of agricultural scientists in the states and Nation to better serve the needs of producers and consumers. Without grant support from the NRI, the agricultural research community in our Nation would be severely weakened, commented ASPB President Michael Thomashow, Professor, Michigan State University.

Research leading to improved energy crops could boost economies in rural and urban areas of America while reducing dependence on foreign oil. USDA and DOE reported in April how more than 33 percent of our Nation's transportation fuels

could be supplied by homegrown biofuels compared to the current two percent. This would help cut the Nation's trade deficit, while also reducing carbon emissions. We applaud the Department of Agriculture for its own and collaborative efforts with the Department of Energy and National Science Foundation to increase basic understanding of plants for enhanced production of biofuels. Advances in plant research that have helped farmers give Americans the world's lowest cost for food (as the share of personal income) could also lower fuel costs and stabilize energy supplies.

The majority of ASPB members perform research that addresses fundamental questions in plant biology. It is this basic research that leads to unexpected breakthroughs and new approaches to improving crop production. For example, the discovery of RNA interference arose from basic research on the control of gene expression and on virus resistance in plants, but is now revolutionizing research and applications in both plant and human biology. ASPB urges the Subcommittee to continue supporting USDA-sponsored world leading basic plant biology research. New enhanced crops result from research directly on crops and on simpler model plants with shared traits, such as *Arabidopsis*.

Tremendous advancements in our understanding of plant genomes have been made in the last 5 years. These advancements have greatly accelerated our ability to identify genes controlling important agricultural traits such as disease resistance, flowering time, and drought tolerance. These genomic resources have also greatly enhanced our abilities to use molecular breeding tools to develop superior crop varieties, Innes commented.

We have recommended in the past that the NRI increase funding awarded for individual research grants for both direct and indirect costs, but not decrease the total number of grants awarded. This requires substantial additional funding for the NRI program. Due to overall budget constraints, the NRI budget for existing programs has not increased at a rate to keep pace with the higher grant award levels, that are more comparable now to award levels from other research agencies. As a result, to accomplish an increase in award sizes, the NRI has had to fund fewer grants. This has caused funding rates to plummet.

If such low funding rates are maintained, it will cause many research labs to close and make it difficult for universities to justify maintaining faculty in these areas. It will also make it very difficult to attract new students and faculty into plant biology, just at a time when the opportunities for rapid advancement are unprecedented. A substantial increase as requested by the President for the NRI would lead to a higher number of awards in plant biology and other areas. This will result in more benefits in crop yields, human health and nutrition, environmental quality, clean energy production and farming practices.

Continued support for a balanced research portfolio in the Department including extramural and intramural research is needed to address the many and sometimes devastating problems farmers face in growing crops. CSREES and ARS continue to address very effectively many important research questions for American agriculture.

We deeply appreciate the Subcommittee's support for research sponsored by the Department of Agriculture. The Subcommittee's support has been essential to producing and securing the Nation's food supply.

Disclosure statement on Federal grant support

The American Society of Plant Biologists (ASPB) received Federal grants from USDA-CSREES in the amount of \$7,000 in each of fiscal years 2005 and 2006 to help coordinate the USDA-CSREES Plant and Pest Biology Stakeholders' Workshop and print the subsequent workshop report. Many associations representing growers of commodity crops; science societies representing the research community; and officials administering Federal research programs participated.

PREPARED STATEMENT OF THE CALIFORNIA INDUSTRY AND GOVERNMENT CENTRAL
CALIFORNIA OZONE STUDY COALITION

Mr. Chairman and Members of the Subcommittee: On behalf of the California Industry and Government Central California Ozone Study (CCOS) Coalition, we are pleased to submit this statement for the record in support of our fiscal year 2007 funding request of \$400,000 from the Department of Agriculture for CCOS. These funds are necessary for the State of California to address the very significant challenges it faces to comply with new national ambient air quality standards for ozone and fine particulate matter. The study design incorporates recent technical recommendations from the National Academy of Sciences (NAS) on how to most effectively comply with Federal Clean Air Act requirements.

First, we want to thank you for your past assistance in obtaining Federal funding for the Central California Ozone Study (CCOS) and California Regional PM₁₀/PM_{2.5} Air Quality Study (CRPAQS). Your support of these studies has been instrumental in improving the scientific understanding of the nature and cause of ozone and particulate matter air pollution in Central California and the Nation. Information gained from these two studies is forming the basis for the 8-hour ozone, PM_{2.5}, and regional haze State Implementation Plans (SIPs) that are due in 2007 (ozone) and 2008 (particulate matter/haze). As with California's previous SIPs, the 2007–2008 SIPs will need to be updated and refined due to the scientific complexity of our air pollution problem. Our request this year would fund the completion of CCOS to address important questions that won't be answered with results from previously funded research projects.

To date, our understanding of air pollution and the technical basis for SIPs has largely been founded on pollutant-specific studies, like CCOS. These studies are conducted over a single season or single year and have relied on modeling and analysis of selected days with high concentrations. Future SIPs will be more complex than they were in the past. The National Academy of Sciences (NAS) is now recommending a weight-of-evidence approach that will involve utilizing more broad-based, integrated methods, such as data analysis in combination with seasonal and annual photochemical modeling, to assess compliance with Federal Clean Air Act requirements. This will involve the analysis of a larger number of days and possibly an entire season. In addition, because ozone and particulate matter are formed from some of the same emissions precursors, there is a need to address both pollutants in combination, which CCOS will do.

Consistent with the new NAS recommendations, the CCOS study includes corroborative analyses with the extensive data provided by past studies, advances the state-of-science in air quality modeling, and addresses the integration of ozone and particulate pollution studies. In addition, the study will incorporate further refinements to emission inventories, address the development of observation-based analyses with sound theoretical bases, and includes the following four general components:

Performing SIP modeling analyses	2005–2011
Conducting weight-of-evidence data analyses	2006–2008
Making emission inventory improvements	2006–2010
Performing seasonal and annual modeling	2008–2011

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 are currently managing the California Regional Particulate Air Quality Study, are landmark examples of collaborative environmental management. The proven methods and established teamwork provide a solid foundation for CCOS.

For fiscal year 2007, our Coalition is seeking funding of \$400,000 from the Department of Agriculture/CSREES in support of CCOS. Domestic agriculture is facing increasing international competition. Costs of production and processing are becoming increasingly more critical. With the current SJV PM₁₀ SIP and the upcoming ozone and PM_{2.5} SIPs, the agricultural industry within the study area is facing many new requirements to manage and reduce their air quality impacts. The identification of scientifically validated, cost-effective options for reducing the environmental impacts of on-field and livestock related air emissions will contribute significantly to the long-term health and economic stability of local agriculture. Funding will support livestock and crop-related research that will help maintain a vital agricultural industry within the state. Research will be focused to measure baseline emissions, and to study the most economical and effective approaches for reducing the impacts of agriculture on air quality. These studies also have nationwide benefits.

The funding request is for: (1) Study of agricultural VOC emissions from pesticide application that will help answer questions relevant to farmers and regulators throughout the Nation, (2) Evaluation of baseline livestock emissions (VOCs, PM₁₀, ammonia) and effective methods to reduce these emissions, (3) Development of livestock facility emissions models as recommended by the National Academy of Sciences and (4) Improvement of emissions estimates for agricultural related diesel engines, both on-road and off-road. This includes emission factors, activity data, fleet characteristics, seasonality of emissions, and benefits of incentive programs to accelerate the introduction of cleaner engines.

Thank you very much for your consideration of our request.

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

The Coalition on Funding Agricultural Research Missions (CoFARM) appreciates the opportunity to submit testimony on the fiscal year 2007 appropriation for the United States Department of Agriculture (USDA). CoFARM is a coalition of 23 professional scientific organizations with 130,000 members dedicated to advancing and sustaining a balanced investment in our Nation's research portfolio.

The USDA sponsors research and education programs which contribute to solving agricultural problems of high national priority and ensuring food availability, nutrition, quality and safety, as well as a competitive agricultural economy. U.S. agriculture faces new challenges, including threats from emerging infectious diseases in plants and animals, climate change, and public concern about food safety and security. It is critical to increase the visibility and investment in agriculture research to respond to these challenges and we appreciate the Subcommittee's efforts to fund the National Research Initiative at \$181 million in fiscal year 2006 and urge the Subcommittee to support the Administration's fiscal year 2007 request of \$247.5 million for this program.

USDA National Research Initiative Competitive Grants Program

The National Research Initiative Competitive Grants Program (NRI) was established in 1991 in response to recommendations outlined in Investing in Research: A Proposal to Strengthen the Agricultural, Food and Environmental System, a 1989 report by the National Research Council's (NRC) Board on Agriculture. This publication called for increased funding of high priority research that is supported by USDA through a competitive peer-review process directed at:

- Increasing the competitiveness of U.S. agriculture.
- Improving human health and well-being through an abundant, safe, and high-quality food supply.
- Sustaining the quality and productivity of the natural resources and the environment upon which agriculture depends.

Continued interest in and support of the NRI is reflected in two subsequent NRC reports, Investing in the National Research Initiative: An Update of the Competitive Grants Program of the U.S. Department of Agriculture, published in 1994, and National Research Initiative: A Vital Competitive Grants Program in Food, Fiber, and Natural Resources Research, published in 2000.

Today, the NRI, housed within USDA's Cooperative State Research, Education, and Extension Service (CSREES), supports research on key problems of national and regional importance in biological, environmental, physical, and social sciences relevant to agriculture, food, and the environment on a peer-reviewed, competitive basis. Additionally, NRI enables USDA to develop new partnerships with other Federal agencies that advance agricultural science. Examples of such collaborations include USDA's involvement in the Microbial Genome Sequencing Program, the Maize Genome Program, the Microbial Observatories program, the Plant Feedstock Genomics for Bioenergy program, the Metabolic Engineering program, and the Climate Change Science Plan.

CoFARM Urges Congress To Support the Administration's Requested Increase or NRI in Fiscal Year 2007.—NRI's proposed increase comes from the shifting of CSREES Integrated Activities, such as food safety, pest management, and water quality, making up \$42.7 million of the proposed increase, providing a net increase of \$24 million for NRI including the additional responsibility of the Integrated Programs. CoFARM supports the Administration's effort to increase competitively awarded funding mechanisms and believes that competitive grants ensure the best science.

Past investments in agricultural research have yielded many breakthroughs in American agricultural productivity, including these few Hatch and NRI funded research success stories:

- Pennsylvania researchers are developing rapid diagnostic tests to curb avian influenza, a disease that could cripple the state's \$700 million poultry industry.
- University of Maryland researchers have created an advanced machine vision technology to detect bone fragments and foreign objects in meat.
- Researchers in Florida have tested a common fern's ability to soak up arsenic, a cancer-causing heavy metal, from contaminated soils. The market for plant-based remediation of wastes is estimated to be \$370 million in 2005.
- Entomologists and Nematologists developed a vaccine for the protection of cattle from the horn fly, a major insect pest in many parts of the world costing the North American cattle industry alone more than \$1 billion annually.

- As a result of NRI funding, a group of economists found that the competitive environment of supermarket retailers encourages patterns of adoption of food products using technologies that are new to the market.
 - Through NRI funded research, scientists developed a new assay that allows for rapid identification of *Clostridium perfringens*, which is associated with common food-borne illness, in hospital outbreaks and has resulted in improved diagnostic procedures.
 - Florida family and youth researchers have shed light on crime and violence trends in schools and evaluated prevention programs. The result has been a decline in disruptive behavior in classrooms by 40 percent over 2 years. The work is a national model for improving school safety.
- Congress must enhance funding for agricultural research to assure Americans of a safe and nutritious food supply and to provide for the next generation of research scientists.
- CoFARM 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 appropriations process.

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 100 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 United States 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 highly subsidized foreign competition.

With the 2002 Farm Bill, Congress sought to bolster U.S. trade expansion efforts by approving an increase in funding for the Market Access Program (MAP) and the Foreign Market Development (FMD) Program. This commitment began to reverse the decline in funding for these important export programs that occurred over the previous decade. For fiscal year 2007, the Farm Bill authorizes funding for MAP at \$200 million, and FMD is authorized at \$34.5 million. The Coalition strongly urges that both programs be funded at the full authorized levels in order to carry out important market development activities. These are the same levels of funding included in the fiscal year 2006 Agriculture Appropriations bill that was signed into law last November.

Farm income and agriculture's economic well-being depend heavily on exports, which account for over 25 percent of U.S. producers' cash receipts, provide jobs for nearly one million Americans, and make a positive contribution to our nation's overall trade balance. In fiscal year 2006, U.S. agriculture exports are projected to reach \$64.5 billion which, if realized, would make it the highest export sales year ever. However, exports could be significantly higher if it were not for a combination of factors, including continued high levels of subsidized foreign competition and related steep artificial trade barriers. Agricultural imports are also forecast to be a record \$63.5 billion, continuing a 35-year upward trend that has increased at a faster pace recently. If these projections hold, then agriculture's trade surplus is only expected to be about \$1 billion, a huge decline from the roughly \$27 billion surplus of fiscal year 1996. In fiscal year 1999, the U.S. recorded its first agricultural trade deficit with the EU of \$1 billion. In fiscal year 2006, USDA forecasts that the trade deficit with the EU will grow to \$6.8 billion, the largest agriculture deficit the United States runs with any market.

America's agricultural industry is willing to continue doing its best to offset the alarming trade deficit confronting our country. However, the support provided by MAP and FMD (both green box programs) is essential to this effort.

According to USDA, the European Union (EU) spent more than \$3.25 billion on agricultural export subsidies in 2003, compared to approximately \$30 million by the United States. In other words, the United States is being outspent by more than 100 to 1 by the EU alone with regard to the use of export subsidies.

In recent years, the EU, the Cairns group, and other foreign competitors also devoted approximately \$1.2 billion on various market development activities to promote their exports of agricultural, forestry, and fishery products. A significant portion of this is carried out in the United States. Market promotion is permitted under

World Trade Organization (WTO) rules, with no limit on public or producer funding, and is not expected to be subject to any disciplines in the Doha Round negotiations. As a result, 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 strategies 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 budgeted significant investments in export promotion expenditures worldwide 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.

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 in unlimited amounts under WTO rules to help American agriculture and American workers remain competitive in a global marketplace still characterized by highly 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. Since 1992, MAP participants have increased their contributions from 30 percent (30 cents for every dollar contributed by USDA) to 166 percent (\$1.66 in industry funds for every USDA dollar). For FMD, the contribution rate has risen from 76 percent to the current level of 139 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.

Competing in the agricultural export market carries new challenges and opportunities for U.S. agriculture. Not only is the competition becoming more intense with increased funding being brought to bear, but we also face a world where new trade agreements are being developed almost daily. The United States is also negotiating trade agreements with the goal of opening new market opportunities for U.S. agriculture. In addition, the opening of the Iraq market and the markets of other previously sanctioned countries will offer further opportunities and challenges.

For all these reasons, we want to emphasize again the need to 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 in export markets against the treasuries of foreign governments. As a Nation, we can work to export our products, or we can export our jobs. Eliminating or reducing funding for MAP and FMD in the face of continued subsidized foreign competition, and during ongoing Doha Round trade negotiations, would put American farmers and workers at a substantial competitive disadvantage and would be nothing short of unilateral disarmament. 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.

PREPARED STATEMENT OF THE COLORADO RIVER BASIN SALINITY CONTROL FORUM

The Congress concluded that the Colorado River Basin Salinity Control Program (Program) should be implemented in the most cost-effective way. Realizing that agricultural on-farm strategies were some of the most cost-effective strategies, the Congress authorized a program for the United States Department of Agriculture (USDA) through amendment of the Colorado River Basin Salinity Control Act in 1984. With the enactment of the Federal Agriculture Improvement and Reform Act of 1996 (FAIRA), the Congress directed that the Program should continue to 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 have been, for the first time in a number of years, opportunities to adequately fund the Program within the EQIP.

The 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 as the salinity of Colorado River water increases as the water flows downstream. 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 look for local benefits. These local benefits are in the form of enhanced beneficial

use and improved crop yields. They submit cost-effective proposals to the State Conservationists in Utah, Wyoming and Colorado and offer to cost share in the acquisition of new irrigation equipment. The Colorado River Basin Salinity Control Act provides that the seven Colorado River Basin States will also cost share with the Federal funds for this effort. This has brought together a remarkable partnership.

After longstanding urgings from the States and directives from the Congress, the USDA has concluded that this program is different than small watershed enhancement efforts common to the EQIP. 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 and receives water from numerous tributaries. The USDA has determined that this effort should receive a special funding designation and has appointed a coordinator for this multi-state effort.

In recent fiscal years, the Natural Resources Conservation Service (NRCS) has directed that over \$19 million be used for the Program. The Forum appreciates the efforts of the NRCS leadership and the support of this subcommittee. The plan for water quality control of the Colorado River was prepared by the Colorado River Basin Salinity Control Forum (Forum), adopted by the States, and approved by the United States Environmental Protection Agency (EPA). The Colorado River Basin Salinity Control Advisory Council has taken the position that the funding for the salinity control program should not be below \$20 million per year. Over the last 3 fiscal years, for the first time, funding almost reached the needed level. State and local cost-sharing is triggered by the Federal appropriation. In fiscal year 2006, it is anticipated that the States will cost share with about \$8.3 million and local agriculture producers will add another \$7.5 million. Hence, it is anticipated that in fiscal year 2005 the State and local contributions will be 45 percent of the total program cost.

Over the past few years, the NRCS has designated that about 2.5 percent of the EQIP funds be allocated to the Colorado River salinity control program. The Forum believes this is the appropriate future level of funding as long as the total EQIP funding nationwide is around \$1 billion. Funding above this level assists in offsetting pre-fiscal year 2003 funding below this level. The Basin States have cost sharing dollars available to participate in funding on-farm salinity control efforts. The agricultural producers in the Upper Basin are waiting for their applications to be considered so that they might improve their irrigation equipment and also cost share in the Program.

OVERVIEW

The Program was authorized by the 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 specific 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. The 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 USDA. The Congress has charged the Administration with implementing the most cost-effective program practicable (measured in dollars per ton of salt controlled). It has been determined that the agricultural efforts are some of the most cost-effective opportunities.

Since Congressional mandates of nearly 3 decades ago, much has been learned about the impact of salts in the Colorado River system. The Bureau of Reclamation (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 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 Federal agencies and the Congress in support of the implementation of the Salinity Control Program. In close cooperation with the EPA and pursuant to requirements of the Clean Water Act, every 3 years the Forum prepares a formal report evaluating the salinity of the Colorado River, its anticipated future salinity, and the program elements necessary to keep the salinity concentrations (measured in Total Dissolved Solids—TDS) at or below the lev-

els measured in the river system in 1972 at Imperial Dam, and below Parker and Hoover Dams.

In setting water quality standards for the Colorado River system, the salinity concentrations at these three locations in 1972 have been identified as the numeric criteria. The plan necessary for controlling salinity and reducing downstream damages has been captioned the "Plan of Implementation." The 2005 Review of water quality standards includes an updated Plan of Implementation. In order to eliminate the shortfall in salinity control resulting from inadequate Federal funding for a number of years from the USDA, the Forum has determined that implementation of the Program needs to be accelerated. The level of appropriation requested in this testimony is in keeping with the agreed upon plan. If adequate funds are not appropriated, significant damages from the higher salt concentrations in the water will be more widespread in the United States and Mexico.

Concentrations of salts in the river cause \$330 million in quantified damages and significantly more in unquantified damages in the United States and result in poorer quality water being delivered by the United States to Mexico. Damages occur from:

- a reduction in the yield of salt sensitive crops and increased water use for leaching in the agricultural sector,
- a reduction in the useful life of galvanized water pipe systems, water heaters, faucets, garbage disposals, clothes washers, and dishwashers, and increased use of bottled water and water softeners in the household sector,
- an increase in the use of water for cooling, and the cost of water softening, and a decrease in equipment service life in the commercial sector,
- an increase in the use of water and the cost of water treatment, and an increase in sewer fees in the industrial sector,
- a decrease in the life of treatment facilities and pipelines in the utility sector,
- difficulty in meeting wastewater discharge requirements to comply with National Pollutant Discharge Elimination System permit terms and conditions, and an increase in desalination and brine disposal costs due to accumulation of salts in groundwater basins, and
- increased use of imported water for leaching and cost of desalination and brine disposal for recycled water.

For every 30 mg/L increase in salinity concentrations, there is \$75 million in additional damages in the United States. The Forum, therefore, believes implementation of the USDA program needs to be funded at 2.5 percent of the total EQIP funding.

Although the Program thus far has been able to implement salinity control measures that comply with the approved plan, recent drought years have caused salinity levels to rise in the river. Predictions are that this will be the trend for the next several years. This places an added urgency for acceleration of the implementation of the Program.

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 the USDA concluded that the Basin States were authorized to cost share in the effort, but the Congress had not given the 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 Reclamation, State officials in Utah, Colorado and Wyoming and with NRCS State Conservationists in Utah, Colorado and Wyoming, agreed upon a program parallel to the salinity control activities provided by the EQIP 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 made possible by contracts with the NRCS. Initially, it was acknowledged that the Federal portion of the 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.

PREPARED STATEMENT OF THE COUNCIL ON FOOD, AGRICULTURAL, & RESOURCE ECONOMICS (C-FARE) AND THE CONSORTIUM OF SOCIAL SCIENCE ASSOCIATIONS (COSSA)

Dear Chairman Bennett, Ranking Member Kohl and Members of the Subcommittee: The Council on Food, Agricultural, and Resource Economics (C-FARE) and the Consortium of Social Science Associations (COSSA) appreciate the opportunity to submit testimony on the fiscal year 2007 appropriation for the United States Department of Agriculture. C-FARE is a non-profit, non-partisan organization dedicated to strengthening the presence of the agricultural, natural resources, and applied economics profession to matters of science policy and Federal budget determination, and we represent approximately 3,500 economists nationwide. COSSA is an advocacy organization for the social and behavioral sciences supported by more than 100 professional associations, scientific societies, universities, and research institutes.

Our organizations understand the challenges the Senate Agriculture Appropriations Subcommittee faces given the tight fiscal year 2007 agriculture budget. We also recognize that the Agriculture Appropriations bill has many valuable and necessary components, and we applaud the efforts of the Subcommittee to fund mission-critical research. Below are listed recommendations for the fiscal year 2007 appropriations cycle.

USDA COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE (CSREES)

National Research Initiative

C-FARE and COSSA endorse funding for the National Research Initiative Competitive Grants Program (NRI) at the President's proposed level of \$247.5 million. The NRI encourages high quality research that is conducted through a peer reviewed format. In particular, the research issues addressed by Markets and Trade and Rural Development are diverse and multi-faceted. Social Science research also enhances ideas and technologies from other fields of science and research which adds value to their role in the NRI.

C-FARE and COSSA requests that any new monies appropriated for the NRI, as requested by the administration, allow the Secretary the discretion to apply up to 30 percent towards carrying out the NRI integrated research, extension and education competitive grants program.

Our organizations applaud the administration's proposal to eliminate the indirect cost cap on the NRI, set at 20 percent for fiscal year 2005, which will broaden its appeal by putting the NRI on equal footing with other Federal competitive grants programs.

Social Science research is highly valued by USDA and much of what our scientists offer can help meet the strategic goals of CSREES. For example, social science research meets CSREES strategic goal number 1, "Enhance Economic Opportunities for Agricultural Producers" by providing science-based information, knowledge, and education to help farmers and ranchers understand risk management, and the long-term impacts of trade barriers. Research by our members also meets CSREES goal number 2, "Support Increased Economic Opportunities and Improved Quality of Life in Rural America," by providing information to help inform decisions affecting the quality of life in rural America. Therefore, we request that the Committee encourage CSREES to fund the social science research components of the NRI at a level sufficient to allowing scientists to address these unmet research needs. Within the last year, USDA changed funding for these core congressionally-mandated programs to every other year, rather than on a yearly basis.

Formula Funding.—Cuts to and proposed elimination of CSREES' formula-funded research programs can be detrimental to the entire USDA research portfolio. Formula Funds support the continuing costs of research activities while providing for long-term commitments to research that is often essential. Because of their timing and potential regional and intra-state impacts, much of the infrastructure needed to conduct competitively award research would be compromised if formula funds were cut. This would mean a huge and potentially damaging loss of research data nationwide. A balance of funding mechanisms, including competitive awards and formula funding, is essential if the capacity of the United States to conduct agricultural research, both basic and applied, is to be maintained and the country is to continue to excel in areas such as agricultural production and expanding the quality of rural life.

USDA Economic Research Service (ERS)

C-FARE and COSSA support the President's proposed fiscal year 2007 funding level for the Economic Research Service (ERS) initiatives. The President's budget in-

cludes \$5.0 million towards the Agricultural and Rural Development Information System (ARDIS) to help ERS establish and maintain data collection on the demographic, economic, government program participation, and other household well-being information from samples of non-farm rural households and rural-based farm households, over time. The scientists our organizations represent need exactly such new and valuable data for a variety of purposes, including estimating impacts of farm policy changes. Simultaneously collecting the same data and information from panels of farm and non-farm households in the same rural area makes it possible to determine just how farm and non-farm rural households are different from or similar to one another, and provides a far more definitive than currently available basis for judging whether and to what extent farm policy changes spill over into the rural economy. We urge full funding of this initiative to assure that agricultural and rural economic analysts can reap the minimum necessary value added that will, in turn, enhance their contributions to a sound farm policy and robust rural economies throughout the Nation. We also support the President's proposal of \$1.6 million for the ERS Consumer Data and Information System at ERS. The funding will include a comprehensive food data system that will be used to obtain food away from home information. C-FARE and COSSA believe funding this program is an important contribution to the government wide effort to fight obesity.

USDA National Agricultural Statistics Service (NASS)

C-FARE and COSSA recommend supporting the President's priority activities for NASS. These include a net increase of \$14 million for funding for agricultural estimates, Census of Agriculture, and pay costs. Of the proposed increase, it is necessary to support \$3.9 million for Agricultural Estimates Restoration and Modernization. This initiative will continue NASS' efforts to restore quality and modernization of the basic USDA agricultural estimates program that supports the U.S. agricultural market system. The increase will also include \$7.3 million for the 2007 Census of Agriculture. The census data are relied upon to measure trends and new developments in the agricultural sector.

USDA Agriculture Marketing Service (AMS)

C-FARE and COSSA encourage Congress to continue supporting USDA's AMS at a level that will allow them to continue offering the high value programs they provide. As economists and social scientists we appreciate that the AMS programs promote a competitive and efficient marketplace. AMS services such as standardization, grading, market news, commodity procurement, and other market-facilitating activities benefit both consumers and producers. For the research community specifically, AMS market news services provide in-depth data regarding a wide range of commodities and modes of transportation; such basic information is invaluable for analysis. AMS also supports research on marketing and transportation issues through cooperative agreements and through the Federal-State Marketing Improvement Program.

USDA Grain Inspection, Packers, and Stockyards Administration (GIPSA)

C-FARE and COSSA also value the vital work of GIPSA to help USDA enhance economic opportunities for agricultural producers by promoting fair and competitive trade practices and financial integrity in the grain, livestock, meat and poultry industries. GIPSA reports provide information that aid in the development of industry standards and policy decision-making. Several of these reports are used in the research conducted by social scientists. In particular, the Packers and Stockyards Statistical Report provides researchers with data on industry concentration, plant size, and other industry economic information. The data helps social science researchers study important social and economic issues, including concentration in the meat packing industry. We encourage Congress to continue providing appropriate support for GIPSA and their important programs.

USDA Natural Resources Conservation Service (NRCS)

Our organizations also support sustained investment in our Nation's natural resources and environment. We applaud USDA NRCS for promoting conservation and sustainable use of natural resources on the Nation's private lands. NRCS helps provide science-based knowledge to improve the management of forests, rangelands, soil, air and water resources. Social science researchers use this vital information to develop policy recommendations that impact the future of our agricultural sector, as well as life in rural America.

Conclusion

Recent security threats facing America require new and expanded agricultural research to protect our Nation's forests, water supplies, food processing and distribu-

tion 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 continue to support research programs such as the NRI and formula funding, and information systems such as those provided by ERS.

Thank you for the opportunity to present our recommendations. As you know, past investments in agricultural research have yielded many breakthroughs in American agricultural productivity. If you have any questions or concerns regarding our priorities please do not hesitate to contact us.

C-FARE DISCLOSURE OF GOVERNMENT CONTRACTS AND GRANTS 2004-2006

Agency	Year	Background
USDA CSREES	2005	\$10,000 to help support C-FARE's Educational Outreach Activities by funding a 2004 conference on "Partnering for Agricultural Research." The conference invited in scientists from universities, government and private sector to discuss ways to partner for enhanced research.
USDA ERS	2004	\$25,000 to help support C-FARE's Educational Outreach Activities by funding a 2004 conference on "Partnering for Agricultural Research." The conference invited in scientists from universities, government and private sector to discuss ways to partner for enhanced research. Other portions of the funding were dedicated to other education activities with academic scientists.
USDA ERS	2005	\$25,000 to help support C-FARE's Educational Outreach Activities by helping provide funding for C-FARE's intern briefings, and other educational seminars.
USDA NASS	2004	\$7,500 to help support C-FARE's Educational Outreach Activities by funding a 2004 conference on "Partnering for Agricultural Research." The conference invited in scientists from universities, government and private sector to discuss ways to partner for enhanced research.
USDA NASS	2005	\$7,500 in funding helped provide educational seminars to college students about careers in Washington, DC and other educational seminars
EPA	2004	\$5,000 to help support a 2003 conference on how to use various database systems.

PREPARED STATEMENT OF DEFENDERS OF WILDLIFE

On behalf of our members and supporters, Defenders of Wildlife appreciates the opportunity to comment upon the fiscal year 2007 budget for the U.S. Department of Agriculture. Defenders of Wildlife is a national nonprofit conservation organization committed to preserving the integrity and diversity of natural ecosystems, preventing the decline of native species, and restoration of threatened habitats and wildlife populations.

Defenders of Wildlife has concerns about the administration's fiscal year 2007 budget and we strongly oppose a number of changes the Bush Administration's proposed fiscal year 2007 budget would make to Farm Bill conservation programs. While we applaud the administration's recommendations to fully fund the Wetlands Reserve Program, the Bush Administration's proposal continues to attempt to rewrite the Farm Bill to the great detriment of the suite of USDA voluntary conservation programs. We make recommendations in the following priority areas. 2002 Farm Bill Conservation Title Programs

Resource conservation programs within the Farm Security and Rural Investment Act of 2002 (Public Law 107-171) (Farm Bill) provide an integrated approach, through incentives and technical assistance, to both production and stewardship of farm and ranch lands and the environment. Further, these programs have been particularly valuable in providing resources for addressing threatened and endangered species conservation issues. The 2002 Farm Bill tried to achieve a balance between farm commodity provisions and critical conservation, nutrition, research and rural development programs that reach far more Americans than the traditional commodity programs. But, in every year since the passage of the Farm Bill, conservation programs continue to be funded well under authorized levels. This comes at the

expense of meaningful benefits to both sustainable farmers and ranchers and the environment. The conservation title specifically has borne the brunt of the cuts.

Since the passage of the 2002 farm bill, congressional and administrative actions have shortchanged promised conservation title funding for programs administered by the National Resource Conservation Service (NRCS) by \$1.444 billion over fiscal year 2003 through fiscal year 2006. The President's proposed budget for 2007 unfortunately continues this trend. We are pleased that the President's budget this year again contains a promising proposal to limit environmentally harmful agricultural commodity subsidies by capping payments at \$250,000 per farmer, and for the first time since he came to office, a request to fully fund the Wetlands Reserve Program. Unfortunately, his request still cuts critical conservation programs not just from the mandated Farm Bill funding, but actually below even the fiscal year 2006 level.

Thus, Defenders of Wildlife urges Congress to restore balance to the Farm Bill and to not shortchange progressive voluntary conservation programs. National Farm Bill legislation has a profound impact on native species and wildlife habitat conservation choices of individual private landowners who practice crop, livestock, and forestry activities. Almost 60 percent of at risk species (as defined by The Nature Conservancy) are on private or state lands. Nearly 40 percent of plant and animal species listed as threatened or endangered are found only on private or state lands. Seventy percent of the land in the United States is held in private ownership in the form of range, forestry, or agricultural use. As of 1995, nearly 84 percent of the plants and animals listed as endangered or threatened were listed in part due to agricultural activities. Specifically, we urge Congress to restore balance by protecting funding allocations for the following programs

The Conservation Security Program

The Bush Administration's proposed fiscal year 2007 budget continues to cripple the landmark Conservation Security Program (CSP). CSP is an innovative and important initiative that is meant to support farmers and ranchers who implement and maintain effective stewardship practices on their working farm and ranch lands. However, every year since passage it has been a target for cuts thus limiting its ability to be implemented as intended. Furthermore, the baseline for CSP was dramatically slashed by \$1 billion in the fiscal year 2006 budget reconciliation. Yet, the administration's fiscal year 2007 budget cuts CSP by a further 8 percent. As originally enacted, CSP should have received \$846 million in 2007, compared to the \$342 million requested in the President's 2007 budget.

The President's fiscal year 2007 budget reduces the CSP substantially below the original and intended level authorized in the Farm Bill, but with the reduced baseline it amounts to an 8 percent decrease. Moreover, because a significant portion of fiscal year 2006 funding will go to fund the continuation of contracts signed in 2004 and 2005, the proposed funding level will severely curtail the number of watersheds where the program can be offered to well below the intent of the 2002 Farm Bill. Current funding levels have permitted enrollment of only about 10 percent of the Nation's watersheds in the first 2 years of program implementation. In the spring of 2006 the CSP sign-up was cut in half because there was not enough money. Many farmers who had been told that their watershed would be funded under CSP were suddenly told there was no money. This inconsistency turns away many good stewards of the land.

The Conservation Security Program offers long term benefits for continued management of lands to promote environmental health. CSP is structured to reward farmers who have already invested in environmental stewardship, and to encourage them to go even farther to implement stewardship practices on their working lands through the enhancement payment structure. CSP is an essential part of the USDA portfolio of conservation programs to protect our water, soil, and wildlife resources. In order to achieve its promise of continuous income support to all of the country's best stewards, the program must be available to all producers nationwide, and must be implemented on a schedule that permits farmers to re-enroll when their contracts are up. Thus Defenders urges Congress to consider the benefits that these programs can provide to sustainable farmers in all types of agriculture and in all regions of the country, and appropriate at authorized levels. At this point, perpetual cuts have the effect of rewriting the Farm Bill and changing CSP from the first-ever working lands conservation entitlement program envisioned by Congress, to a program with limited enrollment, preferential bidding, and waiting lists.

The Wildlife Habitat Incentives Program

In the President's fiscal year 2007 budget the Wildlife Habitat Incentives Program (WHIP) gets slashed by 35 percent—\$30 million less than fiscal year 2007 authorized level mandated in the 2002 Farm Bill and \$5 million less than the administra-

tion requested last year. WHIP provides cost sharing and technical assistance for the development of wildlife habitat on private lands. Though small in size, the program provides significant benefits for wildlife and wildlife habitat and provides proactive solutions to dealing with endangered habitat and species issues before they become critical. More than 8,400 projects affecting some 1.4 million acres have been approved under WHIP through fiscal year 2004 (source: <http://www.nrcs.usda.gov/programs/farmland/2002/pdf/WHIPFct.pdf>, fiscal year 2005 data still unavailable) There is demand for more as backlog statistics from NRCS show us: nationwide, according to figures through fiscal year 2004 (fiscal year 2005 data unavailable), over 3,000 qualified applicants were turned away. The value of the backlogged applications that could be going to these stewards totals \$10 million.

Defenders urges Congress to restore full funding to this program and protect the allocation of this program to continue to provide meaningful benefits to sustainable farmers and ranchers and to wildlife.

Other Important Conservation Programs in the Farm Bill

Several other critical programs, that are part of the forward thinking conservation initiatives in the Farm Bill, will also be significantly cut, which in turn will undermine progressive efforts by farmers and ranchers to steward land, conserve soil and water, and provide habitat for wildlife. The Environmental Quality Incentives Program (EQIP), which provides technical assistance, cost-share/incentive funding to assist crop and livestock producers with environmental and conservation improvements on their farms and ranches, is cut by 21 percent—and is \$17 million below 2006 funding levels. And the Farm and Ranch Land Protection Program (FRPP), which keeps working farms and ranches in production and puts cash in the pockets of farmers and ranchers, is slashed by a whopping 48 percent—\$23.5 million below the fiscal year 2006 level. Defenders again urges Congress to protect the restore funding and protect the allocation for these programs, as well as the Conservation Reserve program. Farm Bill conservation programs should be appropriated at authorized levels as intended by the 2002 Farm Bill. Overall, the President's request cuts 21 percent of the Farm Bill's mandatory fiscal year 2007 funding for NRCS programs.

This pattern has real consequences both for environmental quality and for the farmers and ranchers who need assistance. In 2004 alone, nearly 152,000 qualified applications for farm conservation programs had to be turned away—an astonishing unmet conservation need of almost \$4.5 billion! Defenders again urges Congress to protect the restore funding and protect the allocation for these programs.

Farm Bill Energy Title Programs

Inclusion of an Energy Title in the 2002 Farm Bill was a huge bipartisan victory for renewable energy and for rural America. However, the program was allocated \$23 million per year in mandatory funding for fiscal years 2003–2007. The President's fiscal year 2007 budget request provides only \$10 million in discretionary funding. This title provides programs to spur the growth of renewable energy within the agriculture sector, an immense potential energy source. Sec. 9006 is the only provision specific to renewable energy project development within the Farm Bill. It provides grants, and eventually loans and loan guarantees, to farmers, ranchers, and rural small businesses for the development of renewable energy projects and energy efficiency improvements. The program is designed to help farmers develop much needed new income streams from renewable energy generation, including wind, biomass, geothermal, hydrogen and solar energy, as well as helping to meet the Nation's critical energy needs in an environmentally sustainable way, and generate economic development in every region of the country. Defenders urges Congress to restore full funding to the Renewable energy program as mandated by the Farm Bill.

USDA Invasive Species Prevention and Rapid Response

Defenders of Wildlife is pleased that the President's budget for fiscal year 2007 includes a \$28 million increase over 2006 for the Animal and Plant Health and Inspection Service's Pest and Disease exclusion program (page 83). Many of the pests, weeds, and diseases that threaten livestock, crops and rangelands area are also problematic for wildlife and wildlife habitats, and exclusion of these pests is the safest and most cost-effective way to prevent these impacts. Unfortunately, this foresightedness does not appear to extend to other areas of the Agriculture budget. For instance: while the Agriculture Research Service budget text promises "increased emphasis" on diseases, crop pests and invasive species, many of the line items related to these functions have been substantially decreased from 2006 levels: Food safety by \$9 million, Livestock Protection by \$7 million, Crop Protection by \$32 million, and Environmental Stewardship by \$51 million (page 74–75). We note that the

Homeland Security line item receives a \$45 million increase; however, the vast majority of damaging organisms that have entered the United States have arrived accidentally, or were deliberately imported for perceived benefit, not through malicious intent. The Forest Service's Research and Development program also promises "increased funding" for "invasive species research vital to a rapid management response" but overall funding for Forest and Rangeland Research is decreased by \$56 million (pages 181–182). Furthermore, State and Private Forestry programs, which provide technical and financial assistance to states for invasive species issues that impact forest health, is also cut by \$39 million from 2006 levels (page 182).

Given the serious economic and ecological problems associated with invasive species, which are particularly prevalent in agriculture, rangelands and forests, we urge Congress to fund all of these programs at their 2006 levels or higher.

Animal and Plant Health and Inspection Service and Wildlife Services

Livestock Protection

The Wildlife Services (WS) program, housed under the Animal and Plant Health and Inspection Service (APHIS), continues to spend a disproportionate amount of its annual allocation for livestock protection activities, which translates generally into the killing of predators primarily on behalf of sheep and cattle producers. But according to a recent study by the Wildlife Conservation Society (WCS), decades of U.S. government-subsidized predator control has failed to prevent a long-term decline in the sheep industry. The study says that more than 80 years of federally subsidized predator control with a total investment of more than \$1.6 billion have not been able to stave off an 85 percent decline in the sheep industry since its peak of 56.2 million animals in 1942.

According to the study, predation by coyotes is often cited as the primary cause of the decline. However, 80 years of historical data reveal that a variety of market trends ranging from fluctuating hay prices and rising wages for livestock workers, to the drop in wholesale prices of lamb and wool, are the real culprits behind the industry's drop-off. According to the study's author, "If predation losses are responsible for the decline in the U.S. sheep industry and Federal predator control has been effective at reducing these losses, then we'd expect to see a strong, positive relationship between efforts to control predators and trends in sheep numbers and that is just not the case." While predation is not the industry's primary threat, it is one of the few factors over which ranchers feel they have some degree of control. In fiscal year 2004 alone, Federal agents killed more than 80,000 mammalian carnivores, including 75,674 coyotes, 359 mountain lions and 397 black bears. The study suggests that Federal funding for predator control in the sheep industry should be re-evaluated given the program's failure to prevent the industry's decline. We support such a reevaluation and urge the Committee to direct Wildlife Services to modernize its livestock protection program to focus on assisting ranchers by providing them with a range of more effective means of reducing predation, many of which have been developed by the program's research facility, the National Wildlife Research Center, rather than concentrating on killing predators. Specifically, Defenders is concerned with the consistent lack of attention paid to repeated Congressional directives to the Wildlife Services program that deal with modernizing the field activities of its staff. Defenders recommends that Congress ask for a report on Wildlife Services' documenting its compliance with the directives dealing with the increased use of non-lethal methods. Defenders of Wildlife requests also that the Committee's report include the following language: "The Committee expects that Wildlife Services will make use of the non-lethal methods developed by the National Wildlife Research Center and will make non-lethal controls as the method of choice and resort to lethal means only as a last resort."

Defenders of Wildlife appreciates this opportunity to provide testimony on the fiscal year 2007 USDA budget. Thank you for your consideration of these comments.

PREPARED STATEMENT OF THE DUCHESNE COUNTY WATER CONSERVANCY DISTRICT

The Duchesne County Water Conservancy District is requesting your support for continued funding for the Colorado River Salinity Control Title II Program. This program has greatly assisted in removal of many tons of salt from the Colorado River, but there is still a great deal of work to be completed that will require an adequate level of funding. The seven Colorado River Basin States, as well as Mexico, have greatly benefitted from this important program. For many years high concentrations of salt in the Colorado River had severely damaged agricultural production in the West as well as resulting in poor quality water being delivered to Mexico.

Great strides have been made in improving water quality in the Colorado River since the inception of this program but we strongly feel that there is still a great deal to be done. We understand that the Colorado River Basin Salinity Control Forum is requesting \$17,500,000 in funds be appropriated for this program for fiscal year 2007 and we would like to add our full support to that funding level request. We would also like to express support for the continued funding of the Natural Resource Conservation Service program, the Environmental Quality Incentive Program (EQIP) which works closely with the Salinity Program. It is very important that adequate funding levels be maintained for it also.

We request the Subcommittee's assistance to ensure that the Colorado River Salinity Control Title II program and EQIP program are provided with continued adequate funding.

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 before this Committee. I would like to take a moment to briefly acquaint you with Florida State University.

Located in Tallahassee, Florida's capitol, FSU is a comprehensive Research I university with a rapidly growing research base. 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, and have a strong commitment to public service. Among the current or former faculty are numerous recipients of national and international honors including Nobel laureates, Pulitzer Prize winners, and several members of the National Academy of Sciences. 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. Florida State University had over \$182 million this past year in research awards.

Florida State University attracts students from every state in the nation and more than 100 foreign countries. The University is committed to high admission standards that ensure quality in its student body, which currently includes National Merit and National Achievement Scholars, as well as students with superior creative talent. We consistently rank in the top 25 among U.S. colleges and universities in attracting National Merit Scholars to our campus.

At Florida State University, we are very proud of our successes as well as our emerging reputation as one of the nation's top public research universities.

Mr. Chairman, let me summarize our primary interests today. The Southeast Climate Consortium (SECC), which consists of Florida State University, the University of Florida, the University of Miami, the University of Georgia, Auburn University, and University of Alabama at Huntsville, has been at the forefront of research and extension for the applications of climate predictions to risk reduction for agriculture. With support from NOAA and USDA, the SECC has developed new methods to predict the consequences of climate variability for agricultural crops, forests, and water resources in the southeast United States. In recent real-life tests, these methods have been applied to the problems that farmers raising specialty crops face arising from variable rainfall, temperature, and wild fires. By the use of these methods, these initial challenges have been successfully met.

In the SECC, Florida State University will provide the climate forecasts and risk reduction methodology. The University of Florida and University of Georgia will translate this climate information into risks associated environmental impacts on agriculture and, with Auburn University, will work with Extension Services to provide information to the agricultural community. The University of Miami will provide economic modeling of agricultural systems. Together UM, UF, and the University of Alabama-Huntsville are developing new tools to help minimize climate risks to water quality and quantity, especially for agriculture. FSU, on behalf of the SECC, seeks \$4,500,000 in fiscal year 2007 for this activity. Utilization of these tools and their application to agricultural problems in this project has the strong support of extension managers.

The new tasks for fiscal year 2007 are to develop flood forecasting methods to help farmers and producers plan for reducing risks of economic losses and environmental damage; to develop partnerships and methods for incorporating climate forecasts and other climate information into agricultural and water policy decisions, and to begin development of a prototype decision support system for the application of climate forecasts to water resource management, especially for agricultural water use.

Mr. Chairman, we believe this research is vitally important to our country and would appreciate your support.

PREPARED STATEMENT OF FOOD & WATER WATCH

My name is Wenonah Hauter. I am the Executive Director of Food & Water Watch, a non-profit consumer organization. We welcome this opportunity to present our views on the fiscal year 2007 Agriculture, Rural Development, Food and Drug Administration and Related Agencies Appropriations Bill.

USDA—FOOD SAFETY AND INSPECTION SERVICE (FSIS)

The Food Safety and Inspection Service (FSIS) is proposing a shift to a risk-based inspection system. We have the following concerns about this proposal:

The Agency lacks the statutory authority to execute a risk-based inspection scheme that would require less than daily inspection. According to both the Federal Meat Inspection Act (21 U.S.C. 603) and the Poultry Inspection Act (21 U.S.C. 455), the United States Department of Agriculture is required to provide continuous inspection in all establishments that produce meat and poultry products that enter the food supply.

Furthermore, the FSIS' own glossary defines continuous inspection as:

Continuous Inspection.—USDA's meat and poultry inspection system is often called "continuous" because no animal destined for human food may be slaughtered or dressed unless an inspector is present to examine it before slaughter (antemortem inspection), and its carcass and parts after slaughter (postmortem inspection). In processing plants, as opposed to slaughter plants, inspectors need not be present at all times, but they do visit at least once daily. Processing inspection is also considered continuous.¹

Risk-based inspection needs to have a reliable database upon which to make judgments about which meat and poultry plants meet or exceed performance standards. At the present time, there are problems with the data collection within the Food Safety and Inspection Service. The USDA Inspector General, in a November 2004 audit report, stated the following about the Performance Based Inspection System (PBIS) database:

Due to the lack of controls noted during our audit, FSIS cannot be assured that PBIS data is complete, accurate, and reliable. As a result, FSIS management may not have the information it needs to effectively manage its inspection activities. Without effective controls over data integrity, the PBIS system may be an unreliable repository that gives FSIS management a false sense that inspection activities are adequately carried out and sanitation of plant operations is accurately reported.²

The Hazard Analysis Critical Control Points (HACCP) inspection system still has problems. The authority of inspectors to prevent adulterated products from entering the food supply has been severely hampered. Company HACCP plans do not require pre-approval from FSIS before they are implemented. Under HACCP, inspectors have been relegated to verifying whether company-written HACCP plans are being followed. Even when FSIS issues directives to companies to reassess their HACCP plans to take into account new food safety policies (e.g., the 2002 directive requiring companies to deal with E. coli 0157:H7 as an adulterant likely to occur in beef processing), companies often take long periods of time to implement the new policy.

The HACCP-Based Inspection Models Project (HIMP) in poultry slaughter still has fewer than two dozen plants participating in the program. The Government Accountability Office issued the last comprehensive analysis of this project in December 2001 and pointed out a number of serious problems.³ Inspectors assigned to these plants report that they are not able to perform food safety functions because they are assigned to stationary positions on the slaughter lines (e.g., they are not able to look inside the cavity of poultry carcasses where there may be contamination). Furthermore, defects that are considered to be "other consumer protection," such as blemishes, scabs, tumors, feathers, and bruises, and would not pass muster in processing plants using conventional inspection techniques are being permitted to enter commerce under the HIMP system. We do not believe that they Agency is prepared to extend this inspection model to the entire poultry industry at this time. There should be a thorough examination of the HIMP project before it is expanded.

Because there has not been a full evaluation of HIMP recently, we filed a Freedom of Information Act request on December 14, 2005 requesting certain documents

¹ See <http://www.fsis.usda.gov/Help/glossary-C/index.asp>.

² See <http://www.usda.gov/oig/webdocs/2451-01-FM.pdf>.

³ See <http://gao.gov/new.items/d0259.pdff>.

so that we could conduct our own study. FSIS responded that they wanted us to pay more than \$10,000 for the information. We have since scaled back the request, and yet they are still requesting the exorbitant sum of \$2,858 for the records. We are a non-profit consumer group and we do have access to such large sums of money. Furthermore, we believe that this information should be available at no cost to requesters since the agency is proposing to expand this pilot project that will radically change our inspection system in slaughter establishments. We believe that Congress should request full disclosure of this information.

In January 2006, the USDA Inspector General released an audit report entitled, "Food Safety and Inspection Service Assessment of the Equivalence of the Canadian Inspection System" (Report No. 24601-05-Hy). The report indicates that Canada was continually exporting meat and poultry products to the United States that had been subject to less than daily inspection—in violation of U.S. standards. While those responsible for enforcing our equivalency agreements at FSIS recommended taking disciplinary action against Canada for their repeated violations, they were overruled by the Secretary in 2004. We find this most troubling. FSIS has repeatedly testified before Congress that countries that wish to export their meat and poultry products to the United States must maintain inspection standards that are identical to those for domestic producers. Yet, in this instance, USDA has chosen to look the other way.

While Canada has agreed to institute daily inspection in those establishments that export to the United States, we have learned that FSIS has been in discussions with the Canadian Food Inspection Agency (CFIA) to establish a pilot project with a subset of Canadian plants that would be able to export products that have been subject to less than daily inspection. This pilot program is being created without the benefit of congressional input or discussion through rulemaking. We believe that instituting such a pilot project would be a violation of the Federal Meat Inspection Act (FMIA) and the Federal Poultry Products Inspection Act (FPPIA) and it should be stopped before it is implemented.

We have also learned that Australia is in the process of considering a "trial" of its controversial Meat Safety Enhancement Program (MSEP) for a beef processor that would like to export its products to the United States. MSEP is a privatized inspection system for beef for which there is no comparable system here in the United States. MSEP trials were last conducted in 1999, but were stopped since the inspection system raised consumer concerns both here in the United States and in Europe. We can only surmise that someone at USDA has signaled to Australia that we would accept beef products produced under a privatized inspection system.

We view both the Canadian pilot project and the Australian MSEP trial as vehicles by the current USDA policymakers to institute backdoor changes to our inspection system through our international trading partners. Congress has already had to step in to warn USDA on changing the programs authorized under the 2002 Farm Security and Rural Development Act through the Doha round of WTO negotiations; it may be time for Congress to send another shot across the bow to prevent the undermining of the FMIA and FPPIA through international discussions that have not had the benefit of congressional or public scrutiny.

For all of these reasons, we do not believe that the Agency is prepared to make radical changes to the current inspection system, no matter what terms they use to describe it. The concept of "continuous" government inspection has been the core of our meat inspection system for 100 years, and the Agency should not be permitted to abandon this principle.

PREPARED STATEMENT OF THE HUMANE SOCIETY

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 2007 funding items of great importance to The Humane Society of the United States (HSUS) and its more than 9.5 million supporters nationwide.

ENFORCEMENT OF ANIMAL WELFARE LAWS

We thank you for your outstanding support during recent years for improved enforcement by the U.S. Department of Agriculture (USDA) of key animal welfare laws and we urge you to sustain this effort in fiscal year 2007. Your leadership is making a great difference in helping to protect the welfare of millions of animals across the country. As you know, better enforcement will also benefit people by helping to prevent: (1) orchestrated dogfights and cockfights that often involve illegal gambling, drug trafficking, and human violence, and can contribute to the spread

of costly illnesses such as Exotic Newcastle Disease and bird flu; (2) injuries to slaughterhouse workers from animals that are still conscious; (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. In order to continue the important work made possible by the fiscal year 2006 budget, we request the following for fiscal year 2007:

APHIS/ANIMAL WELFARE ACT (AWA) ENFORCEMENT

We request that you support the President’s request of \$19,142,640 for AWA enforcement under APHIS. We commend the Committee for responding in recent years to the urgent need for increased funding for the Animal Care division to improve its inspections of more than 13,000 sites, including commercial breeding facilities, laboratories, zoos, circuses, and airlines, to ensure compliance with AWA standards. Animal Care now has 100 inspectors (with four vacancies that the agency is in the process of filling), compared to 64 inspectors at the end of the 1990s. We are pleased that the President’s budget recommends an increase of \$1,481,420 (plus allowance for pay costs) to cover hiring 15 new staff to further improve AWA enforcement in fiscal year 2007. This increase will enable the agency to handle additional responsibilities as the number of licensed/registered facilities has grown by 12 percent from fiscal year 2004 to fiscal year 2005.

APHIS/INVESTIGATIVE AND ENFORCEMENT SERVICES

We request that you support the President’s request of \$11,738,430 for APHIS Investigative and Enforcement Services. We appreciate the Committee’s consistent support for this division, which handles many important responsibilities including animal welfare. The President’s budget recommends an increase of \$1,235,000 (plus allowance for pay costs) and 12 staff years for IES in fiscal year 2007. A portion of this increase will be used to improve enforcement of federal animal welfare laws. The volume of animal welfare cases is rising significantly as new facilities become licensed and registered. In fiscal year 2005, IES conducted 575 animal care investigations, with 169 cases resolved through either civil penalty stipulations or Administrative Law Judge decisions and a total of \$1.1 million assessed in fines (compared to 288 investigations and 97 cases resolved through stipulations or ALJ decisions and \$548,614 in fines during fiscal year 2004).

OFFICE OF INSPECTOR GENERAL/ANIMAL FIGHTING ENFORCEMENT

We request sustained funding of \$800,000 for the Office of Inspector General to focus on enforcement of animal fighting laws (this amount is incorporated in the President’s request for OIG base funding). We appreciate the inclusion of \$800,000 in each of the past three fiscal years for USDA’s Office of Inspector General to focus on animal fighting cases. Congress first prohibited most interstate and foreign commerce of animals for fighting in 1976 and tightened loopholes in the law in 2002. Since then, USDA has begun to take seriously its responsibility to enforce this law, working with state and local agencies to complement their efforts. Dogfighting and cockfighting are barbaric (but still surprisingly widespread) practices in which animals are drugged to heighten their aggression and forced to keep fighting even after they’ve suffered grievous injuries. Animal fighting is almost always associated with illegal gambling, and also often involves illegal drug trafficking and violence toward people. Dogs bred and trained to fight endanger public safety, and some dogfighters steal pets to use as bait for training their dogs. Cockfighting was linked to an outbreak of Exotic Newcastle Disease in 2002–2003 that cost taxpayers more than \$200 million to contain. It’s also been linked to the death of at least eight people in Asia reportedly exposed through cockfighting activity to bird flu. Given the potential for further costly disease transmission, as well as the animal cruelty involved, we believe it would be a sound investment for the federal government to increase its efforts to combat illegal animal fighting activity.

FOOD SAFETY AND INSPECTION SERVICE/HUMANE METHODS OF SLAUGHTER ACT (HMSA) ENFORCEMENT

We request sustained funding of no less than \$5,000,000 and no fewer than 63 staff years for HMSA enforcement (this amount is incorporated in the President’s request for FSIS base funding) and continued funding of \$4,000,000 as provided in fiscal year 2006 for further implementation of the new tracking system. We are

grateful that Congress provided \$5 million in fiscal year 2006 to sustain at least 63 full time equivalent positions dedicated solely to inspections and enforcement related to the Humane Methods of Slaughter Act, plus \$4 million to incorporate a new tracking system to ensure compliance with this law. The HMSA is designed to ensure that livestock are treated humanely and rendered unconscious before they are killed. The effort to target funds for this purpose was undertaken following reports of lax enforcement of the HMSA and animals being skinned, dismembered, and scalded while still alive and conscious. Implementation of the Humane Animal Tracking System is ongoing; continued funding of \$4 million will be used to equip remaining facilities.

COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE/VETERINARY
STUDENT LOAN FORGIVENESS

We request \$1,000,000 to continue a pilot program for the National Veterinary Medical Service Act, authorized in 2003, that received initial funding of \$500,000 in fiscal year 2006. We appreciate that Congress has begun to address the critical shortage of veterinarians practicing in rural and inner-city areas, as well as in government positions such as at FSIS and APHIS. Having adequate veterinary care is a core animal welfare concern. There are only 70 veterinarians engaged in poultry practice to address the needs of approximately nine billion chickens raised each year in the United States, and only 75 veterinarians addressing the needs of 30 million beef cattle and 102 million pigs, respectively. Veterinarians support our Nation's defense against bioterrorism (the Centers for Disease Control estimate that 80 percent of potential bioterrorism agents are zoonotic—transmitted from animals to human). They are also on the front lines addressing public health problems associated with pet overpopulation, parasites, rabies, chronic wasting disease, bovine spongiform encephalopathy ("mad cow" disease), and a host of other concerns. Veterinary school graduates face a crushing debt burden of \$80,000 on average, and the lowest pay of any of the medical professions, with an average starting salary of \$43,000. For those who choose employment in underserved rural or inner-city areas or public health practice, the National Veterinary Medical Service Act authorizes the Secretary of Agriculture to forgive student debt. It also authorizes financial assistance for those who provide services during Federal emergency situations such as disease outbreaks or disasters. We hope you will build on the initial funding provided last year to expand this needed program under CSREES or such other account as the Committee deems appropriate.

APHIS/HORSE PROTECTION ACT ENFORCEMENT

We hope you will provide the \$492,030 requested by the President for fiscal year 2007, and we urge the Committee to oppose any effort to restrict USDA from enforcing this law to the maximum extent possible. 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.

DOWNED ANIMALS AND BSE

We are pleased that the Bush Administration proposed an interim final rule in January 2004 to ban the use of downed cattle for human food, in the wake of the discovery of a cow in Washington State that was infected with Bovine Spongiform Encephalopathy (BSE). We hope the Committee will codify this ban—and extend it to other livestock besides cattle—with language barring the Food Safety and Inspection Service from spending funds to certify meat from downed livestock for human consumption. While the science to date on BSE has only indicated transmission from infected cows to people, downer pigs and other downer livestock are at a significantly higher risk of transmitting other serious and sometimes fatal illnesses through their meat, such as E. coli and Salmonella, and these animals, too, suffer when they are moved en route to slaughter.

As the Committee is aware, some segments of industry and members of Congress have recommended weakening the USDA downed cattle ban. They claim that animals unable to walk because of injury pose no health risk. But injury and illness are often interrelated—an animal may stumble and break a leg because of disease that causes weakness and disorientation. And USDA inspectors would have a dif-

difficult—if not impossible—task trying to sort out the reason an animal became non-ambulatory. Major consumer groups including Consumers Union and Consumer Federation of America, support groups for victims of food-borne illness such as Safe Tables Our Priority (S.T.O.P.), Creutzfeldt-Jakob Disease Foundation, and CJD Voice, food safety organizations, companies such as McDonald's and Wendy's, and many others have all pointed out how reckless such a system would be. Of the BSE cases identified in Canada and the United States to date, 7 out of 8 have involved downers, and at least 3 of these were identified as downed due to injuries, including the Washington State case (“calving injuries”) and a January 2005 case in Canada (“slipped on ice/broken leg”).

From an animal welfare perspective, a comprehensive ban is needed because a downer cow with a broken leg would suffer just as much as a sick one if it's dragged through a slaughterplant—maybe even more. A ban on use of all downers for human food also provides an incentive for producers to treat animals humanely and prevent livestock from going down. Even before the administrative ban, USDA estimated that only 0.4 percent to 0.8 percent of all cows processed annually were non-ambulatory. The downer ban encourages producers and transporters to engage in responsible husbandry and handling practices, so that this percentage may be reduced to levels approaching zero. Temple Grandin—advisor to the American Meat Institute and others in the meat industry—has noted that as many as ninety percent of all downers are preventable. Cases that involve broken bones and other injuries are perhaps the most preventable with improved husbandry.

Most Americans had no idea that animals too sick or injured to walk were being dragged with chains or hauled by bulldozer en route to the food supply. When that fact came to light in December 2003, USDA's prompt decision to ban all downer cattle from human food calmed consumers. Unraveling the ban would undermine consumer confidence. More than 99 percent of the 22,000+ public comments USDA received on its downer ban called on the agency to maintain and strengthen its downer ban, with most asking that other species be included. For a report on the comments received by the agency, please go to: http://files.hsus.org/web-files/PDF/2004_06_16_rept_USDA_comments.pdf.

USDA testimony before various congressional committees has made clear that the agency need not rely on slaughterplant testing of downers for BSE surveillance purposes. Surveillance of downers can and should be conducted at rendering plants and on farms.

In addition to the downer issue, we urge the Committee to provide adequate funding to ensure meaningful enforcement by the Food and Drug Administration of its “feed ban,” designed to prevent BSE-contaminated animal products from being fed to other animals. We are concerned that inspectors visit facilities infrequently and rely on self-reporting by those facilities and paperwork checking rather than first-hand evaluation of feed content and dedicated production lines. We are also concerned that FDA relies a great deal on state agencies to conduct this oversight, when most states face severe budget constraints that may compromise their ability to handle this job. Preventing the spread of BSE is vital to the Nation as a whole, for public health, the agricultural industry, and animal welfare. Vigorous enforcement of the feed ban is an essential component of this effort. We hope adequate Federal funds will be provided in fiscal year 2007 to meet this challenge.

Again, we appreciate the opportunity to share our views and priorities for the Agriculture, Rural Development, and Related Agencies Appropriation Act of fiscal year 2007. 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.

PREPARED STATEMENT OF INTERREGIONAL RESEARCH PROJECT NO. 4

The Interregional Research Project No. 4 (IR-4 Project) was organized 43 years ago by the Directors of the State Agricultural Experiment Stations (SAES) to obtain regulatory clearances for crop protection chemicals on specialty or minor food crops when the economic incentives for the registrants precluded private sector investment. IR-4 has been administered by the United States Department of Agriculture's (USDA's) Cooperative State Research, Education, and Extension Service (CSREES) since its inception in 1963. The Agricultural Research Service (ARS) component of the USDA established a companion minor use program in 1976 to provide further program support. The objectives of the IR-4 Project were expanded in 1977 to include registration of pest control products for the protection of nursery, floral, Christmas tree, and turf crops and again in 1982 when the objective of clearance of biological control agents or biopesticides was added.

The IR-4 Project works as a model government program that fosters cooperative partnerships between the USDA (CSREES and ARS), the IR-4 Headquarters and Regional staff, the land grant university system, the crop protection industry, commodity and grower groups, the Environmental Protection Agency (EPA), and the California Department of Pesticide Regulation (CDPR) to bring crop protection solutions to specialty crop growers.

The Food Use Program is the primary focus of the IR-4 Project. To streamline the project request process, growers, commodity groups, university researchers and extension personnel, USDA researchers and other interested parties can submit online requests directly from our website at: <http://www.ir4.rutgers.edu/FOODRequestForm.htm>. The requests are recorded and reviewed by IR-4 Headquarters staff. At the annual Food Use Workshop, growers, commodity groups, university and USDA researchers, extension personnel, and EPA staff discuss and prioritize the projects by consensus. The high priority projects are finalized the following month at the annual National Research Planning Meeting where field residue and analytical laboratory assignments are made based on the best use of available USDA-ARS and land grant university personnel within the funding provided by Congress. For more information concerning the food use program and the status of on-going projects or studies, access the IR-4 website at: <http://www.ir4.rutgers.edu/foodcrops.html>. All IR-4 food use residue research is carried out by EPA approved Good Laboratory Practices (GLP's) with coordination and implementation by the Quality Assurance Unit (QAU). Annual training of the Field Research Directors, laboratory personnel and support staff involved in the conduct of work is essential to the success of the IR-4 Project. GLP compliance audits of facilities and of ongoing field and laboratory procedures, provides assurance that IR-4 food safety data will be accepted by the crop protection industry, growers and the EPA.

The 991 food use clearances obtained in 2005 boosted the 43 year total to over 9,300 clearances. It is interesting to note that 53 percent (4,949) of all clearances in the program's history have been obtained in the last 8 years. In pursuit of this remarkable accomplishment, IR-4 continues its commitment to producing high quality, compliant scientific data in order to meet EPA's GLP requirements and strive to further enhance our effectiveness and efficiency by providing continuing GLP education and/or QA training sessions for IR-4 personnel and cooperators, audit data and reports, as well as, review and revise Standard Operating Procedures (SOP's).

The research program for year 2006 consists of approximately 110 studies supported by 701 field trials. One hundred and six (106) of these studies will require the collection of residue samples and 4 studies will be for collecting efficacy and/or crop safety data to support specific data needs. The smaller efficacy program this year is a result of the reduced budget in 2006 thereby eliminating the pilot efficacy program. Five hundred and twenty-eight (528) of the field trials will be conducted by regional State agricultural research stations, while USDA-ARS will be conducting 115 field trials and Canada has agreed to cooperate on 58 trials.

The Section 18 Economic Benefits/Loss Avoidance Project to document potential economic impact (loss) data from state submitted Section 18's approved by the EPA and supported by IR-4 residue data was initiated in 1998. Since this initiative began, a total of 205 Section 18's have been converted to full Section 3 labels as a result of IR-4 petitions. This is the result of IR-4's commitment to minimize the number of years that Section 18's are needed on new crop protection products before Section 3 labels are approved by the EPA. The total over the eight year period from 1998 to 2005 (where the data are available) bring the total economic impact/loss avoidance to \$12.589 billion from 1,229 Section 18's covering 47 States.

The ornamental industry is an extremely important component of specialty crop agriculture with over \$15 billion in annual sales which comprise over 35 percent of all specialty crop sales. The research to develop efficacy and crop safety data to support registration of both traditional chemicals and biopesticides as pest control tools on ornamentals continues to be an important component of our overall program. The industry presents a formidable challenge since it involves a diverse array of crops in various markets such as floral, bulbs, forestry seedlings, Christmas trees, nursery, turf, commercial and interior landscapes, greenhouses, etc.

Like the Food Use Program, requests are received, recorded and reviewed by IR-4 Headquarters. At the annual Ornamental Horticulture Workshop, growers, commodity groups, university and USDA researchers, extension personnel and EPA staff discuss and prioritize the projects by consensus. The efficacy and crop safety trials are planned in discussions between the IR-4 Headquarters Ornamental Horticulture Manager, regional field coordinators and ARS leadership. In 2006, the Ornamental Horticulture research program will focus on the high priority projects estab-

lished at the annual workshop: Phytophthora Efficacy, Pythium Efficacy, Thrips Efficacy, Coleopteran Efficacy, and Broadleaf Weed and Sedge Management Tools Crop Safety. The research program also enables each regional field coordinator to focus some discretionary funds on trials of specific regional interest. The Northeast and Southern regions are coordinating their funding on herbicide fern safety, while the Western region enhanced the testing program for the high priority herbicide project.

The Biopesticide Research Program continued its 8 year of competitive grant funding of projects for \$400,000 and amounting to over \$3,325,000 since its inception. In addition to funding projects that have focused in recent years on the biopesticides considered Advanced Stage (near commercialization or commercialized but expanding uses to specialty crops), IR-4 has continued to help biopesticide registrants with regulatory support needs.

For the 2006 Biopesticide Research Program, IR-4 received a total of 113 proposals requesting approximately \$1.2 million. Of the 113 proposals, 21 were Early Stage, 64 were Advanced Stage and 28 were Demonstration Stage of which 70 involved disease management, 24 were for insect/mite management, 5 were for weed control, 11 were for nematode control, 2 were plant growth regulators and 1 involved bird management. The 2006 program will fund 42 of the project proposals.

Without the existence of the IR-4 Project, fewer safe and effective crop protection chemicals and biological alternatives would be available for use on specialty crops today. The crop protection industry has continued to be an excellent partner in working with IR-4 to provide their latest technologies, both chemical and biological, for specialty crop uses. However, the Project must continue to evolve in order to stay relevant. To this end, the importance of the continued special research grant funding and strategic plan implementation will be critical to the future of IR-4.

Three hot topics' for the fiscal year 2007 Congressional Appropriations hearings were recently posed to the Cooperative State Research, Education and Extension Service concerning the IR-4 Project. The questions asked and answers provided are as follows:

Question. What has the Inter-regional Project #4 (IR-4) done to provide safe and effective pest management solutions for growers of specialty crops in the United States?

Answer. By cooperating with researchers, producers, the agricultural industry and Federal agencies, IR-4 has achieved over 9,300 food crop and 10,000 ornamental crop registrations for pest management products since the project began in 1963. In 2004 and 2005 alone, there were over 2,000 clearances for these specialty crops which are collectively valued at \$43 Billion. Priorities for future research and future registrations are established at IR-4's annual Food Use and Ornamental Horticulture Workshops and a record attendance of over 325 stakeholders participated in defining IR-4's workplan for 2006.

Question. Since horticultural/specialty crops are an important part of U.S. agriculture, what is being done to improve export opportunities for the producers of these crops?

Answer. Over the past decade, the agricultural industry has developed a range of new, safer products and IR-4 has been very successful in expanding the registrations of these products facilitating their use on specialty crops. This has significantly benefited growers producing food for domestic markets. However, some of their new lower risk products are not approved by some of the U.S. trading partners resulting in U.S. growers not being able to use some of these products if their produce is going to be shipped to countries that do not have Maximum Residue Limits (MRLs) established for these new products. Therefore, it has become critically important for a product to be available globally in order to level the playing field for United States specialty crop growers who wish to export their crops. IR-4 is in a unique position to facilitate the Global Specialty Crop Initiative where existing data in the IR-4 Library can be used to solve some of the trade issues. This initiative would enhance global registrations and reduce trade barriers, while at the same time further promote the use of new, safer pest management products both domestically and world wide.

Question. What is the economic impact of the IR-4 Project on United States specialty crop growers?

Answer. Using economic loss avoidance data submitted to the EPA by 47 states covering over 1225 Section 18 requests supported by IR-4 specialty crop residue data, the economic loss avoidance between 1998 and 2005 has been \$12.6 billion.

PREPARED STATEMENT OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

The Metropolitan Water District of Southern California is writing in support of the following Federal program under the Department of Agriculture's (USDA) budget that we believe is deserving of your Subcommittee's support during the fiscal year 2007 budget process:

Natural Resources and Environment Mission Area—Agency: Natural Resources Conservation Service (NRCS)—Farm Bill Programs (Funded by the Commodity Credit Corporation)—Environmental Quality Incentives Program:

—\$1 billion requested by the President nationwide with \$25 million designated by the NRCS for the Colorado River Basin Salinity Control Program.

The Metropolitan Water District of Southern California is a public agency that was created in 1928 to meet the supplemental water demands of people living in what is now portions of a six-county region of southern California. Today, the region served by Metropolitan includes approximately 18 million people living on the coastal plain between Ventura and the international boundary with Mexico.

Included in our region are more than 300 cities and unincorporated areas in the counties of Los Angeles, Orange, San Diego, Riverside, San Bernardino, and Ventura. We provide over half of the water used in our 5,200-square-mile service area and help our members to develop local supplies through increased water conservation, recycling, storage and other resource-management programs. Metropolitan's imported water supplies come from the Colorado River via our Colorado River Aqueduct and from northern California via the State Water Project's California Aqueduct.

MWD continues to support USDA implementation of conservation programs. MWD firmly believes that interagency coordination, along with incentive-based cooperative conservation programs that facilitate the development of partnerships, are critical to addressing natural resources concerns, such as water quality degradation, wetlands loss and wildlife habitat destruction. It is vital that the Congress provides USDA with the funding necessary to successfully carry out its commitment to natural resources conservation.

Environmental Quality Incentives Program (EQIP)

An important program for MWD has been the Colorado River Basin Salinity Control Program, which is funded by USDA at the Federal level through the Environmental Quality Incentives Program. MWD recommends that EQIP be funded at \$1 billion in fiscal year 2007, as proposed in the President's Budget, with the Colorado River Basin Salinity Control Program funded at \$25 million, 2.5 percent of the EQIP budget, as requested by the seven Colorado River Basin states through the Colorado River Basin Salinity Control Forum.

EQIP provides assistance to farmers and ranchers who face threats to soil, water, air and related natural resources on their land. EQIP provides assistance in a manner that will promote agricultural production and environmental quality as compatible goals. NRCS offers the program throughout the Nation.

In Public Law 104-127, Congress amended the Colorado River Basin Salinity Control Act to direct the Secretary of Agriculture to carry out salinity control measures in the Colorado River Basin as part of EQIP. Beginning with the first full year of EQIP funding in 1997 through 2001, USDA's participation in the Colorado River Basin Salinity Control Program (Salinity Control Program) had significantly diminished as compared to the 1996 level of funding for salinity control. After requests had been made by the Colorado River Basin Salinity Control Forum (Forum), the interstate organization responsible for coordinating the seven Basin states' salinity control efforts, and others, as well as directives from the Congress, USDA concluded that the Salinity Control Program warranted a multi-state river basin approach. The Forum is composed of Gubernatorial appointees from Arizona, California, Colorado, Nevada, New Mexico, Utah, and Wyoming. Clearly, Colorado River Basin salinity control has benefits that are not merely local or intrastate in nature, but continue downstream. EQIP is also important because it provides funding for agricultural source water protection measures that protect and improve the quality of Metropolitan's imported supplies from Northern California.

The Colorado River is a large component of Southern California's regional water supply and its relatively high salinity causes significant economic impacts on water customers in MWD's service area, as well as throughout the Lower Colorado River Basin (Lower Basin). MWD and the Bureau of Reclamation (Reclamation) completed a Salinity Management Study for Southern California in June 1999. The study concluded that the high salinity from the Colorado River continues to cause significant impacts to residential, industrial and agricultural water users. Furthermore, high

salinity adversely affects the region's progressive water recycling programs, diminishes the effectiveness of water conservation efforts, and is contributing to an adverse salt buildup through infiltration into Southern California's irreplaceable groundwater basins.

In April 1999, MWD's Board of Directors authorized implementation of a comprehensive Action Plan to carry out MWD's policy for management of salinity. The Action Plan focuses on reducing salinity concentrations in Southern California's water supplies through collaborative actions with pertinent agencies, recognizing that an effective solution requires a regional commitment. MWD, the Association of Groundwater Agencies, the Southern California Association of Publicly Owned Treatment Works, and the WaterReuse Association of California have formed a Salinity Management Coalition.

During 2002, the Coalition was expanded to include major water and wastewater agencies throughout Southern California. Presently, the ten members of the coalition are working to implement a Strategic Action Plan that focuses primarily on local contributions to southern California's high-salinity problem.

In addition, Southern California leaders are working with urban areas in Arizona, Nevada, New Mexico, and Texas to find solutions to mutual problems with salinity in imported supplies, such as from the Colorado River, and other sources. These agencies participate in the annual National Salinity Summit to examine and coordinate salinity management activities.

Concentrations of salts in the Colorado River cause hundreds of millions of dollars in damage in the United States according to the U.S. Department of the Interior. Implementation of salinity control measures:

- increases the yield of salt sensitive crops and decreases water use for leaching in the agricultural sector,
- increases the useful life of galvanized water pipe systems, water heaters, faucets, garbage disposals, clothes washers, and dishwashers, and decreases the use of bottled water and water softeners in the household sector,
- decreases the use of water for cooling, and the cost of water softening, and increases equipment service life in the commercial sector,
- decreases the use of water and the cost of water treatment, and decreases sewer fees in the industrial sector,
- increases the life of treatment facilities and pipelines in the utility sector,
- eases the meeting of wastewater discharge requirements to comply with National Pollutant Discharge Elimination System permit terms and conditions, and decreases desalination and brine disposal costs due to less accumulation of salts in groundwater basins, and
- decreases use of imported water for leaching and the cost of desalination and brine disposal for recycled water.

Absent the Salinity Control Program, impacts would progressively increase with continued agricultural and urban development upstream of California's points of Colorado River diversion. Droughts will cause spikes in salinity levels in the future that will be highly disruptive to Southern California water management and commerce. The Salinity Control Program has proven to be a very cost-effective approach to help mitigate the impacts of higher salinity. Adequate Federal funding of the Salinity Control Program is essential.

The Forum issued its 2005 Review, Water Quality Standards for Salinity, Colorado River System (2005 Review) in October 2005. The 2005 Review found over 900,000 tons of salinity needs to be controlled annually to maintain 2004 salinity levels through 2025. From 1994 through 2003, funding for USDA's salinity control program did not equal the Forum-identified funding need for the portion of the program the Federal Government is responsible to implement. While NRCS has designated Colorado River Basin salinity control as an area of special interest, appointed a multi-state coordinator, and allocated about \$19.5 million in fiscal years 2005 and 2006, it is essential that implementation of salinity control efforts through EQIP continue to be accelerated to reduce economic impacts. The Basin states and farmers continue to stand ready to pay their share of the implementation costs of EQIP.

The Forum has determined that allocation of 2.5 percent of the EQIP funds, that is \$25 million, is needed in fiscal year 2007 for on-farm measures to control Colorado River Basin salinity. Funding at this level will permit the state adopted and U.S. Environmental Protection Agency approved water quality standards to be met. With 2.5 percent of the EQIP cost share financial assistance, monitoring, and technical assistance funding requested by the President allocated to the Salinity Control Program, an additional \$21 million in states and local cost sharing could be committed.

MWD urges the Subcommittee to support funding of \$1 billion for EQIP, the amount requested in the President's Budget, and advise USDA that \$25 million, or 2.5 percent of the EQIP funds, be designated for the Salinity Control Program. Thank you for your consideration of our testimony. USDA's conservation programs are critical for achieving Colorado River Basin salinity control objectives, as well as broader source water quality protection objectives in the Colorado River Basin and California.

We look forward to working with you and your Subcommittee. Please contact me at (213) 217-6211, if I can answer any questions or provide additional information.

PREPARED STATEMENT OF THE MIDWEST ADVANCED FOOD MANUFACTURING ALLIANCE (MAFMA)

The Midwest Advanced Food Manufacturing Alliance (MAFMA) is a research consortium involving 13 leading Midwestern universities (University of Illinois, Indiana University, Iowa State University, Kansas State University, Michigan State University, University of Minnesota, University of Missouri, University of Nebraska, North Dakota State University, Ohio State University, Purdue University, South Dakota State University, University of Wisconsin). MAFMA expedites the development of new manufacturing and processing technologies for food and related products derived from U.S. produced crops and livestock and thus contributes to the economic development of the U.S. food industry, one of this country's premier industry sectors. The research of MAFMA is conducted by scientists in food science and technology, food engineering, nutrition, microbiology, and other relevant disciplines from universities participating in the MAFMA consortium. MAFMA sponsors an annual peer-reviewed research competition where superior research proposals are selected from among the submissions of scientists from these 13 universities. Specific research proposals are funded on a competitive basis to university scientists who must also demonstrate matching funds from non-Federal sources (primarily the food industry) for research involving processing, packaging, storage, and transportation of food products. The close cooperation between university and corporate researchers assures that the latest scientific advances are applied to the most relevant problems and that any solutions will be efficiently transferred and used by the private sector. MAFMA research proposals are peer-reviewed by scientists from academia and industry who are not affiliated with the 13 institutions or any of the companies providing matching funds which assures that the proposed research is sound and likely to contribute valuable scientific information. The MAFMA project has been funded for 12 years and this proposal will fund the 13th year of competition. During the past 12 years, the MAFMA consortium has funded 136 projects for a total of \$4,327,570 of USDA funds and an impressive total of \$6,369,623 in matching funds from non-Federal (primarily food industry) sources involving 193 companies and other entities.

PREPARED STATEMENT OF THE NATIONAL ASSOCIATION OF STATE FORESTERS

INTRODUCTION

The National Association of State Foresters (NASF) is pleased to provide testimony on the U.S. Department of Agriculture (USDA) budget request for fiscal year 2007. Representing the directors of State forestry agencies from all 50 States, eight U.S. territories, and the District of Columbia, our testimony centers around those program areas most relevant to the long-term forestry operations of our constituents: Research, Education, and Economics, as well as Natural Resources and Environment. We believe the USDA budget for fiscal year 2007, which offers opportunities for advancing the sustainable management of private forestland nationwide, can be strengthened through our recommendations.

USDA COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE (CSREES) PROGRAMS

Cooperative Forestry Research (McIntire-Stennis) Program.—The Cooperative Forestry Research (McIntire-Stennis) Program (CFRP) is a crucial part of the foundation that underlies academic and scientific understanding of the Nation's forest resources. McIntire-Stennis CFRP was originally enacted in order to provide universities with formula funds for the explicit purpose of research in the field of forestry, which was not provided for in similar research funding programs. For more than 40 years, CFRP has equipped both private and land-grant universities with the abil-

ity to produce invaluable research concerning forest productivity, environmental quality, and technologies for monitoring and extending the natural resource base. The program also provides rigorous scientific education and training for university students—the future managers of the Nation’s forest resources.

Universities, supported by base funds from the Federal Government, have consistently supplied science-based forestry research not affiliated with any particular resource use or interest group. Without sufficient base funds from the Federal Government, society will lose the benefits wrought by this productive partnership.

NASF recommends \$24.5 million for the Cooperative Forestry Research (McIntire-Stennis) Program. The proposed increase in CFRP will help the program continue to serve as the cornerstone of forest research in universities, providing knowledge central to sound management from environmental, economic, and social perspectives. In addition, we strongly urge the Subcommittee to reject the President’s proposal to shift 59 percent of the program to competitive funding.

The Renewable Resources Extension Act (Rrea).—The Renewable Resources Extension Act (RREA) facilitates the transfer of needed forestry information and technology to non-industrial private forest landowners, as well as loggers and small businesses involved with forest resource management.

Extension’s education programs aid private landowners in understanding their management options and responsibilities, and encourage them to take advantage of other technical and financial assistance programs.

NASF recommends funding RREA at \$4.1 million for fiscal year 2007, in order to sustain the program’s ability to address critical extension and stewardship needs.

FARM BILL CONSERVATION PROGRAMS

NASF believes that the conservation programs enacted in the 2002 Farm Bill are integral for protecting water quality, erodible soils, wildlife habitat, and wetlands associated with agricultural and forestry operations. Trees and forestry practices are often the best solution to many of the conservation challenges arising from these operations.

NASF recommends funding for the Environmental Quality Incentives Program (EQIP) at the fiscal year 2006 level of \$1.2 billion, full funding for the Conservation Reserve Program (CRP), and \$85 million for the Wildlife Habitat Improvement Program (WHIP). NASF supports the President’s fiscal year 2007 funding proposal of \$342 million for the Conservation Security Program (CSP). NASF recommends that the Subcommittee encourage the Secretary of Agriculture and the NRCS to expand the emphasis on forestry practices in EQIP and the other Farm Bill Conservation Programs.

These programs are important for landowners with both forest and agricultural land, as well as farmers who wish to plant trees for conservation purposes on their agricultural lands. Nearly two thirds of the land in the United States is forested, the majority of which is privately owned. Investing Federal funds in conservation practices on private forest lands produces benefits for all, not simply landowners. These benefits include abundant clean water for drinking and recreation, improved wildlife habitat, open space, viable rural economies, and many other tangible and intangible public benefits.

CONCLUSION

The National Association of State Foresters seeks the Subcommittee’s support for a USDA fiscal year 2007 budget that will make sure the public’s conservation needs—provided by private landowners—are met. Thank you for the opportunity to provide our testimony.

PREPARED STATEMENT OF THE NATIONAL COALITION FOR FOOD AND AGRICULTURAL RESEARCH

Dear Mr. Chairman, Ranking Member Kohl and Members of the Subcommittee: On behalf of the National Coalition for Food and Agricultural Research¹ (National C–FAR), we are pleased to submit comments in strong support of enhanced public investment in food and agricultural research, extension and education as a critical

¹As part of its mission, National C–FAR seeks to increase awareness about the value of food and agricultural research, extension and education. For example, National C–FAR is hosting an educational series of “Lunch-N-Learn” seminars on the hill, featuring leading-edge researchers on timely topics to help demonstrate the value of public investment in food and agricultural research, extension and education. More information about National C–FAR and its programs is available at <http://www.ncfar.org>.

component of Federal appropriations for fiscal year 2007 and beyond. National C-FAR serves as a forum and a unified voice in support of sustaining and increasing public investment at the national level in food and agricultural research, extension and education. National C-FAR is a nonprofit, nonpartisan, consensus-based and customer-led coalition established in 2001 that brings food, agriculture, nutrition, conservation and natural resource organizations together with the food and agriculture research and extension community.

Support for Fiscal Year 2007 Funding for Food & Agricultural Research, Extension & Education

CSREES—National C-FAR urges the Subcommittee and Committee to support the Administration's fiscal year 2007 request for USDA's Cooperative State Research, Education, and Extension Service (CSREES) of \$1.038 billion, and to augment funding to the extent practicable since it represents a significant decrease from fiscal year 2006 funding levels. In particular, National C-FAR supports the Administration's \$247.5 million request for the National Research Initiative (NRI). This represents a significant increase over fiscal year 2006 levels. While a portion of the proposed increase occurs through the shifting of Section 406 Integrated Activities funding and responsibilities (such as food safety, pest management, and water quality) to NRI, funding for NRI would still realize a net increase of \$24 million. Significantly, the Administration's proposal increases the cap for Integrated Activities funding, providing more funding for projects that include both research and extension components.

The NRI supports research on key problems of national and regional importance in biological, environmental, physical, and social sciences relevant to agriculture, food, and the environment on a peer-reviewed, competitive basis. Additionally, the NRI enables USDA to leverage a portion of its funds for food and agricultural research, extension and education by fostering the development of new partnerships with other Federal agencies that advance agricultural science. Examples of successful collaborations include USDA's involvement in the Microbial Genome Sequencing Program, the Maize Genome Program, the Microbial Observatories program, the Plant Feedstock Genomics for Bioenergy program, the Metabolic Engineering program, and the Climate Change Science Plan.

ARS—National C-FAR is concerned about the Administration's proposed \$123 million cut in funding for the USDA Agricultural Research Service (ARS), as compared with fiscal year 2006 funding levels. Indeed ARS funding has been cut each of the past several years. Research conducted by ARS helps to ensure high-quality, safe food, and other agricultural products, assess the nutritional needs of Americans, sustain a competitive agricultural economy and enhance the natural resource base and the environment. The steady erosion in ARS funding could jeopardize the ability of the agency to carry out its important mission.

ERS—National C-FAR urges the Subcommittee and Committee to support the Administration's fiscal year 2007 request of \$83 million for the USDA, Economic Research Service (ERS), which represents a modest increase over the fiscal year 2006 level. Many of the research outcomes generated through ERS efforts provide value in both policy and business application terms far in excess of what the modest size of the ERS budget might suggest. An important part of the Administration's budget includes \$5 million for the ERS to establish and maintain data collection on the demographic, economic, government program participation, and other information from samples of non-farm rural households and rural-based farm households, over time. National C-FAR believes such new and valuable data is necessary for a variety of purposes, including estimating impacts of farm policy changes. National C-FAR urges full funding of this initiative to assure that agricultural and rural economic analysts can reap the minimum necessary value added that will, in turn, enhance contributions to a sound farm policy and more robust rural economies throughout the Nation.

National C-FAR urges that funding for food and agricultural research, extension and education be augmented to the maximum extent practicable, as an important next step toward building the funding levels needed to meet identified food and agricultural research, extension and education needs.

As a coalition representing stakeholders in both the research, extension and education community and the customers' who need and depend upon their outcomes, National C-FAR urges expanded public participation in the Administration's research priority setting and funding decision process and stands ready to work with the Administration and other interested stakeholders toward that end.

DEMONSTRATED VALUE OF PUBLIC INVESTMENTS IN FOOD AND AGRICULTURAL
RESEARCH, EXTENSION AND EDUCATION

Public and private investments in U.S. agricultural research and practical application of results have paid huge dividends to the United States and the world, especially in the latter part of the 20th century. However, these dividends are the result of past investments in agricultural research.

If similar research dividends are to be realized in the future, then the Nation must commit to a continuing investment that reflects the long-term benefits of food and agricultural research.

Food and agricultural research, extension and education to date have helped provide the United States with an agricultural system that consistently produces high quality, affordable food and natural fiber, while at the same time:

—*Creating Jobs And Income.*—The food and agricultural sector and related industries provide over 20 million jobs, about 17 percent of U.S. jobs, and account for nearly \$1 trillion or 13 percent of GDP.

—*Helping Reduce The Trade Deficit.*—Agricultural exports average more than \$50 billion annually compared to \$38 billion of imports, contributing some \$12 billion to reducing the \$350 billion trade deficit in the nonagricultural sector.

—*Providing Many Valuable Aesthetic And Environmental Amenities To The Public.*—The proximity to open space enhances the value of nearby residential property. Farmland is a natural wastewater treatment system. Unpaved land allows the recharge of the ground water that urban residents need. Farms are stopovers for migratory birds. Farmers are stewards for 65 percent of non-Federal lands and provide habitat for 75 percent of wildlife.

—*Sustaining Important Strategic Resources.*—This Nation's abundant food supply bolsters national security and eases world tension and turmoil. Science-based improvements in agriculture have saved over a billion people from starvation and countless millions more from the ravages of disease and malnutrition.

Publicly financed research, extension and education are necessary complements to private sector research, focusing in areas where the private sector does not have an incentive to invest, when (1) the pay-off is over a long term, (2) the potential market is more speculative, (3) the effort is during the pre-technology stage; and (4) where the benefits are widely diffused. Public research, extension and education help provide oversight and measure long-term progress. Public research, extension and education also act as a means to detect and resolve problems in an early stage, thus saving American taxpayer dollars in remedial and corrective actions.

By any standard, the contributions of publicly supported agricultural research, extension and education to advances in food production and productivity and the resulting public benefits are well documented. For example, an analysis by the International Food Policy Research Institute of 292 studies of the impacts of agricultural research and extension published since 1953 (Julian M. Austin, et al, A Meta-Analysis of Rates of Return to Agricultural Research, 2000) showed an average annual rate of return on public investments in agricultural research and extension of 81 percent!

NATIONAL C-FAR URGES ENHANCED FEDERAL FUNDING FOR FOOD AND AGRICULTURAL
RESEARCH, EXTENSION AND EDUCATION

National C-FAR appreciates the longstanding support this Subcommittee and the full Committee have demonstrated through funding food and agricultural research, extension and education programs over the years that have helped the U.S. food and agricultural sector be a world leader and provide unprecedented value to U.S. citizens, and indeed the world community.

National C-FAR is deeply concerned that shortfalls in funding in recent years for food and agricultural research, extension and education jeopardize the food and agricultural community's continued ability to maintain its leadership role and more importantly respond to the multiple, demanding challenges that lie ahead. Federal funding for food and agricultural research, extension and education has been flat for over 20 years, while support for other Federal research has increased substantially. Public funding of agricultural research in the rest of the world during the same time period has reportedly increased at a nearly 30 percent faster pace.

Reduced public investment in food and agricultural research, extension and education may well be a result of a view that the U.S. food and agricultural system is an unprecedented success story. However, societal demands and expectations placed upon the food and agricultural system are ever-changing and growing. Simply stated, Federal funding has not kept pace with identified priority needs.

National C-FAR believes it is imperative to lay the groundwork now to respond to the many challenges and promising opportunities ahead through Federal policies

and programs needed to promote the long-term health and vitality of food and agriculture for the benefit of both consumers and producers. Stronger public investment in food and agricultural research, extension and education is essential in producing research outcomes needed to help bring about beneficial and timely solutions to multiple challenges. Multiple examples, such as those listed below, serve to illustrate current and future needs that arguably merit enhanced public investment in research, extension and education so that the food and agricultural system can respond to these challenges on a sustainable basis:

- Strengthened bio-security is a pressing national priority. There is a compelling need for improved bio-security and bio-safety tools and policies to protect against bio-terrorism and dreaded problems such as foot-and-mouth and “mad cow” diseases and other exotic plant and animal pests, and protection of range lands from invasive species.
- Energy costs are escalating, dependence on petroleum imports is growing and concerns about greenhouse gases are rising. Research, extension and education can enhance agriculture’s ability to provide renewable sources of energy and cleaner burning fuels, sequester carbon, and provide other environmental benefits to help address these challenges, and indeed generate value-added income for producers and stimulate rural economic development.
- Food-linked health costs are high. Some \$100 billion of annual U.S. health costs are linked to poor diets, obesity, food borne pathogens and allergens. Opportunities exist to create healthier diets through fortification and enrichment.
- Research, extension and education are key to providing to solutions to environmental issues related to global warming, limited water resources, enhanced wildlife habitat, and competing demands for land and other agricultural resources.
- There was considerable debate during the last farm bill reauthorization about how expanded food and agricultural research, extension and education could enhance farm income and rural revitalization by improving competitiveness and value-added opportunities.
- Population and income growth are expanding the world demand for food and natural fiber and improved diets. World food demand is projected to double in 25 years. Most of this growth will occur in the developing nations where yields are low, land is scarce, and diets are inadequate. Without a vigorous response, demand will only be met at a great global ecological cost.
- Regardless of one’s views about biotechnology and genetic resources, an effective publicly funded research role is needed for oversight and to ensure public benefits.

Translational education (extension) is a vital link connecting the research community to those who need and use research outcomes. The extension and education system helps translate basic and applied research outcomes into practical applications and more timely implementation by the end user community, thus helping to realize positive economic, environmental, health, food security and a host of other benefits in the food and agricultural system, and for the consuming public. The extension community is evolving its mission in a positive direction, seeking to engage constituents in a way that not only fulfills the traditional extension role but also actively solicits feedback concerning research and extension needs as identified by the customers’ who need research outcomes. This is consistent with National C–FAR’s mission of increasing stakeholder involvement in decision making about research priorities and funding. The USDA NRI has made significant progress in recognizing the extension role, through funding of projects that undertake an integrated research and extension approach. National C–FAR strongly supports funding for extension and education.

Finally, there is a continuing need to build the human capacity of expertise to do quality food and agricultural research, extension and education, and to implement research outcomes in the field and laboratory. The food and agricultural sciences face a daunting task of supplying the Nation with the next generation of scientists and educators. If these basic human resource needs are not met, then the Nation will face a shortage of trained and qualified individuals.

Public investment in food and agricultural research, extension and education today and in the future must simultaneously satisfy needs for food quality and quantity, resource preservation, producer profitability and social acceptability. National C–FAR supports the public funding needed to help assure that these interdependent needs are met.

A Sense of the Congress resolution endorsed by National C–FAR to double funding in food and agricultural research, extension and education within five years was incorporated into the 2002 Farm Bill that was enacted into law. However, the major

commitment to expanded research has not yet materialized. At the four-year mark, the larger reality is the threat of funding cuts.

CONCLUSION

In conclusion, National C–FAR respectfully submits that—

- The food and agricultural sector merits Federal attention and support;
- Food and agricultural research, extension and education have paid huge dividends in the past, not only to farmers, but to the entire Nation and the world;
- There is an appropriate and recognized role for Federal support of research, extension and education;
- Recent funding levels for food and agricultural research, extension and education have been inadequate to meet pressing needs;
- Federal investments in food and agricultural research, extension and education should be enhanced in fiscal year 2007 and beyond; and
- The Administration should provide for expanded public participation, including during review of programs being considered for possible reforms or cuts.

National C–FAR appreciates the opportunity to share its views and stands ready to work with the Chair and members of this Subcommittee and Committee in support of these important funding objectives.

PREPARED STATEMENT OF THE NATIONAL COOPERATIVE BUSINESS ASSOCIATION

The National Cooperative Business Association appreciates the opportunity to submit testimony on the importance of the Rural Cooperative Development Grant program and the need for increased funding. NCBA is the Nation's only national organization representing cooperatives across all economic sectors—including agriculture, childcare, electricity, finance, food retailing and distribution, healthcare, housing, insurance, purchasing and shared services, telecommunications and many others.

The Rural Cooperative Development Grant program, which NCBA helped to establish, is the only dedicated source of Federal funding supporting the network of more than 20 cooperative development centers serving more than 40 States. This funding leverages much more from State and local as well as private sources. The program also includes money for economic research on the impact of cooperatives, research needed to inform policymakers and cooperatives about how best co-ops can address issues facing this Nation such as senior services and rural housing.

Congress recognized the importance of the work of cooperative development centers when it enacted the program in 1996 and authorized \$50 million annually to help create businesses and jobs in rural America. In 2002, Congress reauthorized the program at the same level. Unfortunately, chronic underfunding has limited the ability of centers to capitalize on opportunities to revitalize rural areas. A first step to address this problem is for this Subcommittee to appropriate \$8.5 million in this year's appropriations bill and maintain the President's funding for research on the economic impact of cooperatives.

Rural Cooperative Development Grants—Revitalizing Rural Economies

Cooperatives are businesses owned and controlled by the people who buy their products or use their services. Tens of thousands of cooperatives in this country range in size from small storefronts to Fortune 500 companies. Credit unions, electric cooperatives, telephone co-ops, agricultural cooperatives, purchasing cooperatives, and worker cooperatives all serve the needs of millions of members.

Cooperatives represent a flexible business model that can be developed by the community to address its economic needs. Co-ops provide an opportunity for entrepreneurial ideas to become reality. Since members own the cooperative, they participate in the earnings of the cooperative. Rather than leaving the community, patronage refunds—money paid to members based on their use in the cooperative—remains, refueling the economy as members use their refunds to purchase goods locally.

The Rural Cooperative Development Grants program funds the establishment and operation of centers for rural cooperative development to improve economic conditions in rural areas. Grants are competitive, require a 25 percent non-Federal match in most cases, and can be provided to nonprofits or institutions of higher education. For the past few years, USDA has funded only half of all applications received due to budget constraints. The program is authorized at \$50 million.

Cooperative development centers are on the front lines of efforts to revitalize struggling rural economies. They use Rural Cooperative Development Grants to conduct feasibility studies, develop business plans, launch new businesses, and provide

education and training to help ensure the success of these businesses. Through CooperationWorks!, a national organization of more than 20 centers, centers share their knowledge and experience. This network allows centers to maximize resources, avoid duplication and bring the greatest benefit to their communities.

The work of the centers translates into jobs and money in these rural communities. Since the 1990s, the centers have helped start or expand almost 400 cooperative businesses with more than 47,000 members, creating more than 5,800 new rural jobs in virtually every sector of the economy, including energy, housing, agriculture, forestry, food, senior and childcare services, and health care. Investment in these cooperatives exceeds \$900 million.

The Need for Cooperative Development

Cooperative development centers address a growing need. Rural areas in this country, especially in the Midwest, have not benefited from the recent economic expansion. This has worsened an outmigration problem that has ravaged the center of our country over the last few years.

For example, despite 3 years of economic expansion, 1.5 million people were added to the poverty rolls in the Midwest between 2001 and 2004. In all non-metropolitan areas, the poverty rate has remained stuck at 14.2 percent despite the economic recovery.

With the help of RCDG grants, cooperative development centers are working with communities to create economic sustainability. For example, the Georgia Cooperative Development Center helped 27 local farmers create a co-op to get access to wholesale buyers who had previously denied them business. The Farmers Fresh Food Network now markets to agriculture members, local restaurants and farmers markets and soon plans to provide local schools with fresh produce.

The Missouri Farmers Union Family Farm Opportunity Center helped families turn seemingly profitless land into a sustainable business by forming a co-op to mill their trees into high quality boards. Not only are they practicing sustainable development with the project but the estimated return to the community could jump from \$35 million to \$3.4 billion.

The centers also respond to communities in crises, such as those devastated by Katrina. The Federation of Southern Cooperatives and the Mississippi Association of Cooperatives have been working with farmers to stabilize farms and homes destroyed by the storm, to provide shelter, basic supplies and financial assistance. They are also working long term to train people at their facilities and create cooperatives that address basic economic needs of these hard-hit communities, such as housing.

The common thread through these stories is economic sustainability and revitalization. Substantial amounts of money generated by these cooperatives are being put back into the local economy by members.

Cooperative Research—Filling a Gap

The number of jobs and other data collected by the cooperative development centers and the success stories indicate that cooperatives have great potential to address many of the problems facing rural America. There is a serious gap, however, in the information about cooperatives. Though economic data was collected on cooperatives many years ago, there has been no comprehensive data collection effort to find out the impact of all types of cooperatives on the United States and regional economies.

The President's budget this year includes \$495,000 for research on the economic impact of cooperatives. The funding is for a cooperative research agreement between USDA and a qualified academic institution to direct research on the national economic impact of cooperatives. The research can assess how cooperatives can address emerging economic development needs in all sectors of the economy. The research funded for fiscal year 2007 will build on the research currently underway on the economic impact of all types of cooperatives. In addition, this research is essential to assess the impact and cost effectiveness of the Federal program on efforts to revitalize rural economies.

The limited studies available indicate the potential is significant for cooperatives to address economic needs. According to the National Co-op Month Planning Committee's "2005 Snapshot," a quick survey of co-ops, annual revenues for cooperatives are in excess of \$211.9 billion. In Wisconsin, a study funded by USDA found cooperatives supported close to 30,000 full time jobs. The South Dakota Rural Electric Association found that the electric co-ops there generated 800 new jobs and \$11 million in economic development over a 5 year period. The Alabama Credit Union League found that their State's credit unions generated 8,777 jobs, \$288 million in household income and \$24.1 million in tax receipts.

These types of studies need to be replicated on a nationwide basis for all types of cooperatives. This country needs data such as:

- The number of jobs created by cooperatives both directly and indirectly.
 - The level of economic activity created by cooperatives.
 - The tax revenue generated by the level of economic activity.
 - A definitive census on the number of cooperatives and the types of good and services that are being offered.
 - The amount of patronage dividends that are returned to the members from their cooperatives.
 - The extent of the economic and social benefit where cooperatives can meet the needs of communities that are not adequately met by other types of businesses.
- As Liz Bailey, Executive Director of the Cooperative Development Fund noted:

We all know that there is a basic lack of understanding about cooperatives in all levels of government, in the business community, in the academic world, in the philanthropic world and among the general public. Too few understand how cooperatives function and the role they play in the Nation's economy. *We all use anecdotal stories to tell of successful cooperative enterprises, but we don't have access to the kind of aggregated economic data that is routinely used by economic and business analysts to map U.S. economic activity and interpret the data for those who make or influence public policy.* Government, through its support of university research, has traditionally been the source of this kind of basic research . . . It's also important to have data that is continually updated. It can't be a one time snapshot . . . it's data that needs to be tracked and reported on a regular basis. (emphasis added) Testimony of Liz Bailey, USDA Public Meeting on Cooperative Research Agenda, September 27, 2005

Chronic Underfunding Limits Opportunities

The need for rural economic development and cooperative development is clear. Congress recognized the need when it developed the program:

The Managers intend to target the limited funds available for the Rural Cooperative Development Grant program on cooperative development centers that operate on a regional or statewide basis. By focusing this grant program on regional centers rather than on small local projects, the Committee hopes *to link cooperatives from different communities and different sectors of the economy to strengthen the cooperative movement as a whole.* (emphasis added) Federal Agriculture Improvement and Reform Act of 1996, Conf.Rep., p. 432

One of the ways Congress tried “to strengthen the cooperative movement as a whole” with the program was to “emphasiz[e] job creation in rural areas through the development of rural cooperatives, value added processing, and rural businesses.” (Conf.Rep., p. 431) The centers provide a cost effective and efficient way to deliver technical assistance that creates businesses, jobs and opportunities. But the program's funding has not kept up with the demand, which limits both the ability of current centers to provide assistance to create jobs and the development of new centers to ensure national coverage.

Last year, for example, many projects that could have created jobs and economic opportunities were denied funding. Centers with proven track records, with business development expertise, were turned down. Though the program serves more than 40 States, the program was intended to cover the entire country. More funding is needed to ensure that all States are served by a center that can address the economic and entrepreneurial needs of the area.

Private dollars also go into cooperative development. But these funds struggle to meet the need as well. The Cooperative Development Fund's Mutual Service Cooperative Fund, which makes grants for feasibility studies, educational programming and technical assistance projects, knows how great the demand for dollars is. In 2004, with \$90,000 in available funds for grants, CDF received 44 applications requesting a total of \$980,000. In 2005 the trustees narrowed the focus of the Fund and still received over \$300,000 in proposals, 3 times the funds available.

Cooperative development centers also would benefit from multi-year funding. Many times efforts to develop a business are halted due to a lack of commitment for funds in the future. Since businesses typically take at least 3 years from concept to operation, there is great need to have funds available during that period.

The program's recent funding history shows little to no increase in the program over the past 5 years despite the continued growing demand.

- Fiscal year 2006—\$6.5 million (includes \$500,000 for research agreement)
- Fiscal year 2005—\$6 million
- Fiscal year 2004—\$6.5 million
- Fiscal year 2003—\$6.5 million

—Fiscal year 2002—\$5.25 million

This funding also is only a small portion of the program's authorized level of \$50 million. The program's sponsors intended there to be enough funds to address the rural economic needs of the whole country.

Request for Increased Appropriation for RCDG

The President's fiscal year 2007 budget includes \$7 million for the RCDG program, including \$495,000 for research on the economic impact of cooperatives. We seek an increase in funding to at least \$8.5 million, which would help provide funding for four to six additional centers and help fulfill the goal of serving all States. The \$8.5 million would also ensure that sufficient funds are available to help build the research capacity to provide policymakers with information to assess the value of RCDG and how cooperatives can address economic issues facing the country. This would be a first step toward achieving the goals Congress intended for the program. Thank you for the opportunity to submit testimony on this important topic.

PREPARED STATEMENT OF THE NATIONAL COMMODITY SUPPLEMENTAL FOOD PROGRAM ASSOCIATION

Mr. Chairman and Subcommittee members, I am Tim Robertson, President of the National Commodity Supplemental Food Program Association (NCSFPA). Thank you for this opportunity to present information regarding the Commodity Supplemental Food Program (CSFP).

CSFP was our Nation's first food assistance effort with monthly food packages designed to provide protein, calcium, iron, and vitamins A and C. CSFP began in 1969 for low-income mothers and children, preceding the Special Supplemental Nutrition Program for Women, Infants, and Children known as WIC. CSFP pilot programs in 1983 added low-income seniors to the list of eligible participants and they now comprise nearly 90 percent of all participants.

CSFP is a unique Federal/State and public/private effort. The USDA purchases specific nutrient-rich foods at wholesale prices for distribution. State agencies such as the department of health, agriculture or education provide administration and oversight. These agency's contract with community and faith based organizations to warehouse and distribute food, certify eligibility and educate participants. The local organizations build broad collaboration among non-profits, health units, and area agencies on aging so that seniors and others can quickly qualify for and receive their monthly supplemental food package along with nutrition education to improve their health and quality of life. This unique public/private partnership reaches even homebound seniors with vital nutrition.

The foods provided through CSFP includes canned fruits and vegetables, juices, meats, fish, peanut butter, cereals and grain products, cheese, and other dairy products. The availability of these goods increases healthy food consumption among these low-income populations.

The CSFP is also an important "market" for commodities supported under various farm programs, as well as an increasingly important instrument in meeting the nutritional and dietary needs of special low-income populations.

In fiscal year 2006, the CSFP provided services through 150 non-profit community and faith-based organizations at over 1,800 sites located in 32 States, the District of Columbia, and two Indian reservations (Red Lake, Minnesota and Oglala Sioux, South Dakota). On behalf of those organizations the NCSFPA would like to express our concern and disappointment regarding the reduction of available CSFP resources for fiscal year 2006.

—Congress in the fiscal year 2006 Agricultural Appropriations bill strongly encouraged USDA to make every effort to maintain the fiscal year 2005 caseload by making full use of CSFP inventory and carryover from preceding years and to access all available resources from bonus commodity holdings and CCC stocks.

—It is not clear from the "CSFP 2006 Final Caseload Assignments" memorandum whether USDA has made full use of all available resources, especially since States were instructed to cut program participation by 6.26 percent (32,902 seniors nationally).

—The prospect of seniors not receiving needed CSFP food in a year when USDA has forecast in excess of \$35.4 million in carryover inventory at the end of the fiscal year 2006 is disturbing. Clearly these inventories could and should be used to serve the full fiscal year 2006 caseload.

—Other resources such as \$4 million included for CSFP Gulf Coast operators in the defense bill, and full use of Commodity Credit Corporation (CCC) inventory

appears not to have been factored into the CSFP 2006 final caseload assignments.

—At a time when many Americans must choose between food or their medicine, utilities, and other basic expenses, the Federal Government should not be reducing benefits for our most vulnerable citizens. We respectfully request your review of USDA's adherence to your directive in the Agriculture Appropriation Bill.

CSFP's 36 years of service stands as testimony to the power of partnerships among community and faith-based organizations, farmers, private industry and government agencies. The CSFP offers a unique combination of unparalleled advantages.

—The CSFP specifically targets our Nation's most nutritionally vulnerable populations: seniors and young children.

—The CSFP provides a monthly selection of food packages tailored to the nutritional needs of the population served. Eligible participants are guaranteed [by law] a certain level of nutritional assistance every month in addition to nutrition education regarding how to prepare and incorporate these foods into their diets.

—The CSFP purchases foods at wholesale prices, which directly supports the farming community. The cost of the average food package for fiscal year 2006 is \$15.04, but the retail value is approximately \$50.00.

—The CSFP involves the entire community in confronting the problem of hunger. There are thousands of volunteers as well as many private companies who donate money, equipment, and most importantly time and effort to deliver food to needy and homebound seniors. These volunteers not only bring food but companionship and other assistance to seniors who might have no other source of support. (See Attachment 1)

The White House proposed budget for fiscal year 2007, released on Monday, February 6, 2006, would eliminate the CSFP completely, and would eliminate all of this effort and support of those 36 years. This proposal has shocked the entire CSFP community as well as legislators, anti-hunger and senior service organizations and concerned citizens. America's Second Harvest, AARP, FRAC, and others have all voiced their opposition to the elimination of CSFP. It is unconscionable to eliminate benefits for some of our most vulnerable citizens and to eliminate hope of those waiting for participation in the program. It is the cruelest cut for the greatest generation.

In a recent CSFP survey, more than half of seniors living alone reported an income of less than \$750 per month. Of those respondents from two-person households, more than half reported an income of less than \$1,000 per month. Fewer than 25 percent reported being enrolled in the Food Stamp Program. Over 50 percent said they ran out of food during the month. Also, close to 70 percent senior respondents say they use money for medical bills not food.

The Senate Agriculture Appropriations Subcommittee has consistently supported CSFP, acknowledging it as a cost-effective way of providing nutritious supplemental foods. This year, your support is needed urgently to provide adequate resources for the 536,196 mothers, children and seniors currently receiving benefits, 20,500 low-income participants currently waiting in five new States and 154,259 seniors waiting in current States for this vital nutrition program.

There is no discernible plan to address the long-term needs of those affected by the elimination of CSFP. The proposed transition plan provides that seniors being removed from CSFP will be provided a Food Stamp Program (FSP) benefit of \$20 per month for up to 6 months, or until the participant actually enrolls in the FSP, whichever comes first. As referenced earlier, CSFP provides a food package that costs USDA about \$15 per month. It has a retail value of approximately \$50. How does someone use \$20 to purchase approximately \$50 worth of nutritious foods? What happens at the end of 6 months? Simply transferring seniors to the FSP is an inadequate solution. It is essential for seniors to have access to services which they

feel is offered with dignity and respect. Many will outright reject the idea of applying for FSP benefits. According to the ERS Evaluation of the USDA Elderly Nutrition Demonstrations: Volume I:

"The Commodity alternative benefit demonstration in North Carolina was popular both among new applicants and among existing FSP participants. Clients eligible for low FSP benefits were more likely to get the commodity packages, which had a retail value substantially greater than their FSP benefits". In particular, seniors described the anxiety of using FSP benefits in stores, where they felt shoppers and store clerks looked down on them. The demonstrations attracted a particularly large

share of clients eligible for the \$10 benefit because the retail value of the commodity packages was worth \$60–\$70”.

Depending on their non-cash assets, seniors may not qualify for a FSP benefit level equivalent to the CSFP food package. Seniors receiving the minimum benefit would not be eligible for the \$20/month transitional benefit. The 25 percent of current CSFP participants who already enrolled in the FSP will lose the benefits of CSFP and those benefits will not be replaced at a time when they are struggling to make ends meet. CSFP and FSP are supplemental programs. They work together to make up the shortfall that many of our seniors are facing each month. Both programs need to be available as part of the “safety net” for our low-income participants.

USDA reports that the average FSP benefit paid to senior citizens is about \$65 per month, but in reality, many senior citizens receive only the minimum monthly benefit of \$10, which has not been updated since 1975. USDA figures also report households rather than individual participants and include households with disabled family members.

The proposed transition plan for women, infants and children enrolled in the CSFP is to transfer them to WIC. However, due to increasing coordination between WIC and CSFP at the State and community levels, the number of WIC-eligible mothers and children enrolled in the CSFP is steadily declining. In some States, this figure is less than 2 percent of all enrolled women and children, eradicating supplemental food and nutrition benefits for that population as well. Further, the majority of women and children receiving CSFP food are 6 month postpartum women and 5 year old children who are not eligible for the WIC Program.

The National Commodity Supplemental Food Program Association requests the Senate Agriculture Appropriations Subcommittee take the appropriate actions to fund CSFP for fiscal year 2007 at \$160 million as illustrated below:

(Dollars in millions)

Description	People (caseload)	Funding
Maintain fiscal year 2005 Caseload Requirements in Existing States.	536,196	\$128.0
Five New States (AK, DE, OK, NJ, UT)	20,500	3.7
Current States Senior Needs	154,259	27.6
USDA Costs for Procuring Commodities .....	.....	.7
Total CSFP Request for fiscal year 2007	710,955	160.0

With the aging of America, CSFP must be an integral part of USDA Senior Nutrition Policy as well as comprehensive plans to support the productivity, health, independence, and quality of life for America’s seniors.

Measures to show the positive outcomes of nutrition assistance to seniors must be strengthened. A 1997 report by the National Policy and Resource Center on Nutrition and Aging at Florida International University, Miami—Elder Insecurities: Poverty, Hunger, and Malnutrition indicated that malnourished elderly patients experience 2 to 20 times more medical complications, have up to 100 percent longer hospital stays, and incurs hospital costs \$2,000 to \$10,000 higher per stay. Proper nutrition promotes health, treats chronic disease, decreases hospital length of stay and saves health care dollars.

Rather than eliminating the program, the NCSFPA recommends the following initiatives to strengthen CSFP:

- Develop a formal evaluation process to demonstrate individual and program outcomes of CSFP with Federal, State, and local CSFP managers included in the study design.
- Restore financial guidelines for seniors to the original level of 185 percent of poverty.
- Set “greatest need within a project area” as the priority for service or let each State set its priority for service under a plan approved by the Secretary of Agriculture.
- Support and expand the program in those States that have demonstrated an interest in the CSFP, including the 5 States that already have USDA-approved plans to operate CSFP (Arkansas, Delaware, New Jersey, Oklahoma, and Utah) or that have demonstrated a willingness to continue and expand current CSFP services.

This program continues with committed grassroots operators and dedicated volunteers. CSFP’s mission is to provide quality nutrition assistance economically, effi-

ciently, and responsibly always keeping the needs and dignity of our participants first. We commend the Food and Nutrition Service of the Department of Agriculture and particularly the Food Distribution Division for their continued innovations to strengthen the quality of the food package and streamline administration. We also remain committed to providing quality services in collaboration with the community organizations and volunteers that contribute more than 50 percent of the resources used in providing these services.

ATTACHMENT 1.—NATIONAL CSFP ASSOCIATION ADMINISTRATIVE EXPENSE/VALUE SURVEY FOR FISCAL YEAR 2005

Programs	USDA Reim-bursed Cash	Not Reimbursed by USDA Cash	CSFP Expendi-tures Cash	Goods & Services donated to agen-cy Value	Volunteer Labor Hours Value	Annual Total Pro-gram Value	Percent Paid by USDA	Extra Goods do-nated to CSFP participants
New Hampshire	\$425,689	\$16,902	\$442,591	.....	\$117,370	\$559,961	76	\$1,668
New York	1,896,086	85,500	1,981,586	.....	9,126	2,010,712	94	10,425
Vermont	257,950	318,327	576,277	.....	96,578	674,055	38	.....
Washington DC	449,139	1,500,000	1,949,139	.....	1,200	3,561,652	13	.....
Pennsylvania	834,444	147,234	981,678	.....	234,310	1,548,592	54	278,303
Kentucky	912,417	35,538	947,955	.....	376,799	1,329,754	69	.....
Mississippi	402,779	.....	402,779	.....	189,540	592,319	68	.....
North Carolina	79,849	40,000	119,849	.....	3,438	123,287	65	20,000
South Carolina	215,880	113,827	329,707	.....	98,456	494,163	44	14,500
Tennessee	827,805	.....	827,805	.....	.....	827,805	100	.....
Illinois	903,174	3,000	906,174	.....	341,172	1,247,346	72	.....
Indiana	32,020	32,020	296,851	.....	369,603	685,894	39	100
Michigan	4,535,044	2,237,705	6,772,749	.....	3,696,683	10,765,433	42	577,199
Minnesota	806,379	277,890	1,084,269	.....	798,525	1,910,794	42	497,700
Red Lake, MN	5,937	.....	11,874	.....	.....	11,874	50	.....
Ohio	713,807	250,997	964,804	.....	442,629	1,462,233	49	166,590
Wisconsin	287,026	15,000	302,026	.....	306,370	607,396	47	79,797
Louisiana	4,672,088	.....	4,672,088	.....	1,483,387	6,532,955	72	2,500
New Mexico	1,120,106	195,000	1,315,106	.....	78,719	1,625,625	69	1,208,353
Texas	706,534	85,000	791,534	.....	1,500	908,864	78	12,000
Colorado	1,196,217	425,963	1,622,180	.....	174,254	1,809,809	66	650,425
Iowa	228,563	286,543	515,106	.....	67,247	582,353	39	108,510
Kansas	342,332	69,019	411,351	.....	255,881	997,192	34	81,424
Missouri	539,700	109,072	648,772	.....	398,455	1,049,227	51	.....
Montana	81,528	29,649	411,177	.....	515,022	1,042,128	37	37,800
Nebraska	761,247	116,207	877,454	.....	276,044	1,199,947	63	74,960
North Dakota	161,155	43,208	204,363	.....	192,594	396,957	41	1,695
South Dakota	161,911	5,005	166,916	.....	87,785	291,576	56	12,480
Ogjala Sioux, SD	37,779	.....	37,779	.....	.....	37,779	100	.....
Alaska	138,798	.....	138,798	.....	35,100	173,898	80	.....
Arizona	968,788	640,636	1,609,424	.....	1,030,066	3,082,440	31	655,000
California	3,095,354	1,036,699	4,132,053	.....	3,532,078	7,906,555	39	588,868
Nevada	401,133	16,000	417,133	.....	2,000	420,256	95	4,000
Oregon	72,603	.....	72,603	.....	1,123	72,603	100	.....

ATTACHMENT 1.—NATIONAL CSFP ASSOCIATION ADMINISTRATIVE EXPENSE/VALUE SURVEY FOR FISCAL YEAR 2005—Continued

Programs	USDA Reimbursed Cash	Not Reimbursed by USDA Cash	CSFP Expenditures Cash	Goods & Services donated to agency Value	Volunteer Labor Hours Value	Annual Total Program Value	Percent Paid by USDA	Extra Goods donated to CSFP participants
Washington	134,426	31,000	165,426	12,600	6,318	184,344	73	.....
Grand Total	28,938,498	8,168,878	37,107,376	4,125,304	15,495,096	56,727,776	51	5,084,297

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 the opportunity to present to you the turfgrass industry's need and justification for continuation of the \$490,000 appropriated in the fiscal year 2006 budget for turfgrass research within the Agricultural Research Service (ARS) at Beltsville, MD. Secondly, we ask that the committee support and accept the \$1,880,000 for Drought Mitigation in the President's budget request. This funding will be used by ARS to conduct turfgrass water conservation and salinity research at Phoenix, AZ and Riverside, CA. Thirdly, to implement the most critical needs within the National Turfgrass Research Initiative, we are asking for five individual research positions of \$450,000 each. This amount is being requested by senators in the states where the positions are located. We appreciate the support of research funding at Beaver, WV (\$330,000) provided by the committee in fiscal year 2006 and request that funding be restored in fiscal year 2007. All funding provided by the Committee is requested to go directly to ARS/Beltsville, not the industry per se.

Restoration of funding for the existing ARS Scientist Position and related support activities at Beltsville, MD (\$490,000)

NTEP and the turfgrass industry are requesting the Subcommittee's support for \$490,000 to continue funding for the full-time scientist staff position within the USDA, ARS at Beltsville, MD, focusing on turfgrass research, that was provided by the Committee in the fiscal year 2006 budget, and in the four previous budget cycles. We consider this funding our Congressional "baseline", i.e. that funding which is central to and critical for the mission of the National Turfgrass Research Initiative. We are very grateful for this support and hope the Committee will continue this funding.

Turfgrass provides multiple benefits to society including child safety on athletic fields, environmental protection of groundwater, reduction of silt and other contaminants in runoff, and green space in home lawns, parks and golf courses. Therefore, by cooperating with NTEP, USDA has a unique opportunity to take positive action in support of 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. 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 70 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.

A new turfgrass research scientist position within USDA/ARS was created by Congress in the fiscal year 2001 budget. Additional funding was added in fiscal year 2002 with the total at \$490,000. A research scientist was hired, and is now working at the ARS, Beltsville, MD center. A research plan was developed and approved by ARS. This scientist has used the funding for a full-time technician, equipment and supplies to initiate the research plan and for collaborative research with universities. We have an excellent scientist in place, and he is making good progress in establishing a solid program. At this point, losing the funding for the position would be devastating to the turf industry, as significant research has begun.

Support the President's budget request for Drought Mitigation research as proposed by ARS (See ARS Explanatory Notes, pages 10-82, 10-83) (\$1,880,000)

The turfgrass industry is excited that for the first time, the President's budget contains funding for turfgrass research within ARS. This funding will be used to hire scientists in two very important locations, Riverside, CA and Phoenix, AZ, focusing on water conservation, wastewater reuse and salinity research. These issues are the most critical research needs for the survival of the turf industry. Following is a brief description of the research that ARS will conduct with this funding:

ARS will:

Develop Technology and Management Systems to Use Non-Potable Water to Reduce Agriculture's Vulnerability to Drought (\$1,880,000 Total).—In the process, ARS will develop systems to safely reuse wastewater and low-quality water as a means of irrigating agricultural, horticultural and turf-based enterprises in an environmentally and economically sustainable manner

As noted in USDA's Explanatory Notes accompanying this budget request, this funding will be directed to the following two critical locations:

Phoenix, AZ, (\$940,000)

The U.S. Water Conservation Lab in Phoenix will determine the on-site impacts and movement in the air, soil, plant, and ground water of biological and chemical substances contained in treated and untreated waste water used for irrigation of turfgrass. They will also develop irrigation technologies and management systems to mitigate the impact of elevated levels of these compounds and nutrients when wastewater is used in the production of turf and specialty crops.

Riverside, CA, (\$940,000)

This research will be conducted at the world-renowned U.S. Salinity Lab. The Riverside lab will focus on the development of new irrigation technologies and systems to either mitigate or manage the effect of saline irrigation on the production of turf and specialty crops.

Request funding of Congressional earmarks for five ARS scientist positions at four ARS installations @ \$450,000 each (Total: \$2,250,000)

The turfgrass industry also requests that the Subcommittee appropriate an additional \$2,250,000 for the National Turfgrass Research Initiative. This Initiative has been developed by USDA/ARS in partnership with the turfgrass industry. We are asking for five priority research positions at four locations across the United States. These five positions address the most pressing research needs, namely water use/efficiency and environmental issues. \$450,000 is being requested for each location.

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 (e.g., MD, PA, FL, NJ, NC).

As our society becomes more urbanized, the acreage of turfgrass will increase significantly. In addition, State and local municipalities are requiring the reduction of water, pesticides and fertilizers on turfgrass. However, demand on recreational facilities will increase while these facilities will still be required to provide safe turfgrass surfaces.

Currently, the industry itself spends about \$10 million annually on applied and proprietary turfgrass research. However, private and university research programs do not have the time nor the resources to conduct basic research and to identify completely new sources of beneficial genes for stress tolerance. ARS turfgrass scientists will enhance the ongoing research currently underway in the public and private sectors. Because of its mission to conduct the Nation's research for agricultural commodities, ARS is the proper delivery system for this research.

Water management is a key component of healthy turf and has direct impact on nutrient and pesticide losses into the environment. Increasing demands and competition for potable water make it necessary to use water more efficiently. Also, drought situations in many regions have limited the water available and, therefore, have severely impacted the turf industry as well as homeowners and young athletes. Therefore, new and improved technologies are needed to monitor turf stresses and to schedule irrigation to achieve the desired quality. Technologies are also needed to more efficiently and uniformly irrigate turfgrasses. Drought tolerant grasses need to be developed. In addition, to increase water available for irrigation, waste water (treated and untreated) must be utilized. Some of these waste waters contain contaminants such as pathogens, heavy metals, and organic compounds. The movement and accumulation of these contaminants in the environment 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, until the recently appropriated funds became available.

ARS and the turfgrass industry enjoy a special, collaborative relationship, and have even entered into a cooperative Memorandum of Understanding (MOU). The turfgrass industry has met on numerous occasions with USDA/ARS officials to discuss the new turfgrass scientist positions, necessary facilities, and future research opportunities. 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 and the turfgrass industry have developed the National Turfgrass Research Initiative. The highlights of this strategy are as follows:

ARS, as the lead agency at USDA for this initiative, has graciously devoted a significant amount of time to the effort. Like the industry, ARS is in this research en-

deavor for the long-term. To ARS' credit, the agency has committed staff, planning and technical resources to this effort. This year is the first time ARS has been able to include some funding in the President's budget for the Turfgrass Research Initiative. However, there are so many issues and needs, that the industry is desperate for answers. Thus, to address the critical research needs, the industry is left with no alternative but to come directly to Congress for assistance through the appropriations process.

The role and leadership of the Federal Government and USDA in this research are justifiable and grounded in solid public policy rationale. ARS is poised and prepared to work with the turfgrass industry in this major research initiative. However, ARS needs additional resources to undertake this mission.

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 2007, the turfgrass industry requests that the following positions be established within USDA/ARS:

Position 1: Component II: Germplasm: Molecular Biologist: Southwest—Lubbock, TX	\$450,000
Position 2: Component I: Water: Agricultural Engineer—Irrigation: Transition Zone—Florence, SC	450,000
Position 3: Component IV: Environment: Agricultural Engineer—Fate & Transport: Northeast—University Park, PA	450,000
Position 4: Component III: Pest Management: Weed Scientist: Northeast—University Park, PA	450,000
Position 5: Component II: Germplasm: Geneticist—Biodiversity: Upper West—Logan, UT	50,000
Total	2,250,000

For this research we propose an ARS-University partnership, with funding allocated to ARS for in-house research as well as in cooperation with university partners. For each of the individual scientist positions, we are requesting \$300,000 for each ARS scientist position with an additional \$150,000 attached to each position to be distributed to university partners, for a total of \$450,000 per position. We are also asking that the funding be directed to ARS and then distributed by ARS to those university partners selected by ARS and industry representatives.

Request restoration of funding for the ARS lab in Beaver, WV that was appropriated in fiscal year 2006 (\$330,000)

In the last 2 fiscal years, the Subcommittee has generously provided funding for turfgrass research at the Appalachian Farming Systems Research Center in Beaver, WV. The Subcommittee allocated \$150,000 in fiscal year 2005 and an additional \$180,000 in fiscal year 2006, bringing the total to \$330,000. As the Beaver lab has expertise in soils research, the turf industry has embraced this funding and the research possibilities. The turf industry is now working with the lab to construct a research program on soil issues that affect turfgrass production. This research fits very nicely within the framework of the National Turfgrass Research Initiative. Therefore, we appreciate the support of the Subcommittee for this new funding in the last 2 fiscal years and ask for your continued support of that funding in fiscal year 2007.

In addition, the Committee should be receiving Member requests for funding of each of the five positions described above. We appreciate your strong consideration of each individual member request for the turfgrass research position in his or her respective state.

In conclusion, on behalf of the National Turfgrass Evaluation Program and the turfgrass industry across America, I respectfully request that the Subcommittee continue the funding appropriated in fiscal year 2006 for Beltsville, MD, (\$490,000) and Beaver, WV (\$330,000) within the Agricultural Research Service. I also request that the committee support the President's budget request of \$1,880,000 for Drought Mitigation. Finally, I request that the Subcommittee appropriate an additional \$2,250,000 for five new turfgrass scientist positions around the country, with \$450,000 provided for each location.

Thank you very much for your assistance and support.

PREPARED STATEMENT OF THE NATIONAL FISH AND WILDLIFE FOUNDATION

Mr. Chairman and Members of the Subcommittee: I appreciate the opportunity to submit testimony regarding the fiscal year 2007 funding request for the National Fish and Wildlife Foundation (Foundation). Included in this testimony is a summary

of our history and fiscal year 2005 accomplishments, as well as the new and innovative programs we hope to accomplish with the funding provided by this Committee.

Congress established the Foundation 22 years ago, and since that time the Foundation's vision for more healthy and abundant populations of fish, wildlife and plants has flourished through the creation of numerous valuable partnerships. The breadth of our partnerships is highlighted through our active agreements with 14 Federal agencies, as well as various corporations, foundations and individual grantees. Through these unique arrangements, we are able to leverage Federal funds, bring agencies and industry together and produce tangible, measurable results. Our history of collaboration has given way to programs and initiatives such as the North American Waterfowl Management Plan, the Neotropical Migratory Bird Conservation Program, the Chesapeake Bay Small Watershed Grants Program and the Pulling Together Initiative. With the support of the Committee in fiscal year 2007, we can continue to uphold our mission of enriching fish, wildlife and the habitat on which they depend.

Federal dollars appropriated by this Committee allow the Foundation to be highly successful in assisting the Natural Resources Conservation Service (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. The Foundation respectfully requests that this Subcommittee fund the Foundation at \$4 million through the U.S. Natural Resources Conservation Service Appropriation.

This request would allow the Foundation to expand its highly successful grant program to better assist NRCS in maximizing private land conservation.

Since the grants partnership began in 2000, the Foundation has received \$18 million in NRCS Federal funds (\$3 million per fiscal year), which it has dedicated to a matching grant program focused on private land conservation. The Foundation has supported over 400 projects in 49 states by leveraging the \$18 million in NRCS funds into more than \$75 million in on-the-ground conservation. These projects have led to the direct restoration of more than 200,000 acres of farmland and rangeland and 775 miles of streams and rivers. In fiscal year 2005, the Foundation received \$3 million in NRCS Federal funds, which it leveraged into more than \$12 million in on-the-ground conservation. With the funds provided by the Committee in fiscal year 2006, we are on track to successfully continue leveraging NRCS funds to increase on-the-ground conservation benefits.

The Foundation's achievements are based on a competitive grant process where Federal funds are matched by the grantee with non-Federal funds and in-kind services. Grantees include Resource Conservation and Development Areas, conservation districts, universities and non-profit organizations who partner with farmers and ranchers to support conservation efforts on private land. The Foundation also works to further maximize Federal funds by providing private funds through the generosity of our growing number of corporate and foundation partners. These funds are in addition to the non-Federal funds that are provided by the Foundation's grantees. In the Foundation's partnership with NRCS, Federal funds have been supplemented with funding from Shell Oil Company, FMC Corporation, Anheuser-Busch Companies, Inc., Southern Company, Summer T. McKnight Foundation, Charles Stewart Mott Foundation, William Penn Foundation and the David and Lucile Packard Foundation. The Foundation is also pleased to report that the Kellogg Foundation has agreed to a multi-year partnership beginning in fiscal year 2006 to further the Foundation's agriculture conservation work.

Working Landscapes.—Through our partnership, the Foundation works 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 with the goal of improving the ecological health of working lands. 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. Through these efforts, the Foundation has helped to reduce agricultural runoff, remove invasive species and restore native ecosystems.

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 caused by invasive species or from

outdated irrigation systems. By reducing the water taken from rivers, there is less chance that drought will negatively impact aquatic life.

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-capped vireos, Southwestern willow flycatchers, whooping cranes, sage grouse, lesser prairie chickens, aplomado falcons, black-tailed prairie dogs, Louisiana black bears, bog turtles, tiger salamanders 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 grantees also use our NRCS dollars to expand conservation education opportunities. Of our fiscal year 2005 NRCS partnership grants, over one-fourth contained an environmental education or outreach 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.

Special Grant Programs.—In fiscal year 2005, NRCS joined the Foundation's Pulling Together Initiative, a grant program that supports the creation of local cooperative Weed Management Area partnerships. These partnerships bring together local landowners, citizens groups and weed experts to develop and implement strategies for managing weed infestations on public lands, natural areas and private working lands. Through this collaborative program, NRCS staff is able to join invasive species experts from the U.S. Fish and Wildlife Service, USDA-Forest Service, Bureau of Land Management, Animal and Plant Health Inspection Service and the Department of Defense to review and jointly select the most innovative weed management projects. This collaborative model has proven so successful that in late fiscal year 2005, the Foundation launched a new strategically focused grant program targeting the Great Lakes Watershed. The partners in this program include the Environmental Protection Agency, U.S. Fish and Wildlife Service, National Oceanic and Atmospheric Administration and the USDA-Forest Service. The Foundation is currently in discussions with NRCS regarding their formal participation in the program for the next grant cycle.

The Foundation is currently developing two additional Special Grant Programs that will be launched later this year. The purpose of the first grant program is to implement the National Fish Habitat Initiative Action Plan. The National Fish Habitat Initiative is a multi-agency, multi-partner initiative to improve our Nation's aquatic resources. The Foundation's grant program will bring together Federal and non-Federal funds to strategically invest in priority fish habitat grants. The Foundation's second grant program will focus on the Upper Mississippi River Watershed. The program is being launched at the direction of the USDA-Forest Service with the goal of restoring private land streambanks with native trees and grasses. The Foundation is hoping to expand this program into a multi-partnered effort in fiscal year 2007.

Evaluation.—The Foundation has become a leader in evaluation and adaptive management among its peers. The Foundation's goal is to build the capacity of both itself and its partners to undertake more effective evaluation, to assist in both measuring performance and adapting methods and funding strategies for more effective conservation. To address these goals, the Foundation is implementing several evaluation strategies simultaneously. First, the Foundation has instituted new protocols within its application process to provide the measurable indicators needed to evaluate the impacts of our programs. Second, the Foundation has convened discussions among our agencies partners to identify and coordinate potential opportunities for collaboration within evaluation. One of the initial results of these meetings has been an interest in piloting new evaluation indicators, to better articulate the Federal investment for GPRA and PART requirements.

Third, the Foundation has commissioned several third-party evaluations targeting standard methods like culvert removal to full program evaluations to learn where we have been successful and where past methods have not provided the desired impact. As an example, in fiscal year 2006, the Foundation's Chesapeake Bay Small Watershed Grants Program will be evaluated for the first 5 years of grant-making. The evaluation will include 355 projects associated with about \$10.6 million in Federal funds. The Federal legislation accompanying this program included 10-year goals, and this evaluation presents an opportunity to assess the mid-way mark in helping the Foundation and its partners better focus their resources over the next

5 years. To capture the evaluations and lessons learned, the Foundation is taking a fourth key step by developing a new searchable project website where users will be able to query information and learn more about funded projects, including how to adapt projects for higher rates of success.

Continued Need.—The Foundation is uniquely positioned to continue assisting NRCS in implementing beneficial conservation practices on our Nation's farms and ranches by leveraging NRCS's scarce Federal resources to maximize on-the-ground conservation benefits. The Foundation's matching grant program has the flexibility to address many agricultural conservation needs. These include, but are not limited to, increasing instream flow for rivers while continuing to support agricultural irrigation, promoting the recovery of specific threatened or endangered animals on private lands, implementing critical conservation practices on private lands that do not qualify for funding under a Farm Bill program, working with non-traditional partners such as the Amish and Mennonites and by forging broad community-based partnerships. Additional resources are needed in fiscal year 2007 to continue meeting the growing demand for private land conservation, while expanding the participation of NRCS into new multi-partner programs.

Accountability and Grantsmanship.—The Foundation constantly strives to improve the grant making process while maintaining a healthy level of oversight. To improve ease of use for potential applicants, Foundation applications are now completed and reviewed electronically. In early 2006, to further improve efficiency, the Foundation released a revised application, grant contract template and reporting form. Even with these efficiencies, the Foundation still requires strict financial reporting by grantees and has once again received an unqualified audit in fiscal year 2005.

In addition to the evaluation requirements described earlier, all potential grants are subject to a peer review process. This involves five external reviews representing state agencies, Federal agencies, affected industry, environmental non-profits and academics. Before being recommended to the Foundation's Board of Directors, grants are also reviewed internally by staff, including our conservation scientists. The internal 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. The Foundation also provides a 30-day notification to the Members of Congress for the congressional district and state in which a grant will be funded, prior to making a funding decision.

Basic Facts About the Foundation.—The Foundation is governed by a 25-member Board of Directors, appointed by the Secretary of the Interior and in consultation with the Secretary of Commerce. At the direction of Congress, the Board operates on a nonpartisan 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. I took over the chairmanship in January, after serving on the Board for 10 years. It is an honor to lead such a prestigious board.

The National Fish and Wildlife Foundation continues to be one of, if not the most, cost-effective conservation programs funded in part by the Federal government. Since our inception in 1984 through fiscal year 2005, the Foundation has supported over 8,190 grants and leveraged \$339 million in Federal funds into more than \$1 billion in on-the-ground conservation. None of our Federally appropriated funds are used for lobbying, litigation or the Foundation's administrative expenses. 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 are confident that the money you appropriate to the Foundation will continue to make a difference.

PREPARED STATEMENT OF THE NATIONAL ORGANIC COALITION

Chairman Bennett, Ranking Member Kohl, and Members of the Subcommittee: My name is Steven Etko. I am submitting this testimony on behalf of the National Organic Coalition (NOC) to detail our requests for fiscal year 2007 funding for several USDA marketing, research, and conservation programs of importance to organic agriculture.

The National Organic Coalition (NOC) is a national alliance of organizations working to provide a voice for farmers, ranchers, environmentalists, consumers and others involved in organic agriculture. The current members of NOC are the Center for Food Safety, Rural Advancement Foundation International-USA, National Coop-

erative Grocers Association, and the Northeast Organic Farming Association-Interstate Council.

We urge the Subcommittee's strong consideration of the following funding requests for various USDA programs of importance to organic farmers, marketers and consumers:

USDA/Agricultural Marketing Service (AMS)

National Organic Certification Cost-Share Program Request: \$1.5 million

In recognition of the costs to farmers and handlers associated with the process of organic certification, the National Organic Certification Cost Share program was authorized by Section 10606 of the Food Security and Rural Investment Act of 2002. In fiscal year 2002 initial funding of \$5 million was provided for this program through the Commodity Credit Corporation (CCC) to AMS. The assistance provided by this program has been particularly critical to small-to-medium scale farmers and handlers struggling with the costs of mandatory organic certification and required annual updates. Unfortunately, the initial CCC funding for this program has been fully expended. Therefore, we are seeking stop-gap funding of \$1.5 million from the CCC to keep the program running until the program can be reauthorized.

Organic Standards Request: 3.13 million

In fiscal year 2006, Congress specified funding of \$2.026 million for the AMS category of "Organic Standards." In the President's fiscal year 2007 budget submittal, a request was made for \$3.13 million for AMS "Organic Standards." We support the President's budget, in order to provide the National Organic Program with greater resources for certifier training, National Organic Standards Board support, enforcement, and public outreach and education on upcoming rulemaking processes.

For several years, report language has been included in the Senate report strongly urging the National Organic Program to take action on several unfulfilled statutory requirements. Specifically, the Senate report language in fiscal years 2004, 2005, and 2006 called on the NOP to hire an Executive Director for the National Organic Standards Board and to establish an on-going Peer Review Panel, as called for in OFPA, to provide oversight and advice to the NOP regarding the accreditation process for organic certifiers.

While progress has been slow in complying with these statutory requirements, the members of the National Organic Coalition are very pleased that an Executive Director for the National Organic Standards Board has been hired by USDA. This position is critical in helping the NOSB fulfill its statutory role, especially at time of such heavy workload for the Board. We congratulate the NOP for taking this action.

In contrast, the requirements of Section 2117 of OFPA to establish a Peer Review Panel and the further requirement of Section 205.509 of the Organic rule to establish an annual Peer Review Panel have not been met by the NOP. However, we are pleased that the NOP contracted with the American National Standards Institute (ANSI) to perform an outside audit of the NOP, the results of which were presented in late 2004. The ANSI audit noted numerous technical and procedural deficiencies in the NOP's operations and suggested corrective actions in several areas. In addition, USDA's own Inspector General's office released an audit report regarding the National Organic Program in July of 2005, which was very critical of the National Organic Program's operations, and also suggested several corrective actions that could be taken by the Agency to resolve the problems. The Members of the National Organic Coalition concur with the recommendations of the ANSI and Office of Inspector General (OIG) audits, and believe that if the NOP were to implement these recommendations, it would be a significant step to resolving many of the concerns that have been raised by the organic community regard the NOP's operations.

Recently, a new National Organic Program Director was hired with significant expertise in the area of quality systems management and ISO compliance. We are very encouraged that the new Director's expertise will be helpful in guiding the NOP in implementing the ANSI and OIG audit recommendations. However, we also believe that the House and Senate Agriculture Appropriations Subcommittees should be kept informed by NOP with regular reports on their progress in complying with these recommendations. Therefore, in addition to supporting the Administration's budget request of \$3.13 million for AMS/organic standards, we are requesting that the following report language be included:

The Committee is encouraged that the Agency has hired an Executive Director for the National Organic Standards Board (NOSB), as well as a new Director for the National Organic Program. The Committee also notes that the audits performed by the American National Standards Institute (ANSI) in 2004 and by the USDA Office of Inspector General (OIG) in 2005 made strong recommendations about changes needed in the administration of the National Organic Program. The Com-

mittee expects the Agency to take the necessary actions to comply with these recommendations, and to provide a written report to the Committee by December of 2006 regarding the progress in implementing these recommendations. In addition, the Committee expects a report regarding the complaints that the NOP has received about violations of the organic standards, and the progress of the Agency in investigating and responding to those complaints. Finally, the Committee expects the NOP to work closely with the NOSB to implement the Peer Review Panel requirements of OPFA and USDA's organic regulations.

USDA

Organic Data Initiatives

Authorized by Section 7407 of the 2002 Farm Bill, the Organic Production and Marketing Data Initiative States that the "Secretary shall ensure that segregated data on the production and marketing of organic agricultural products is included in the ongoing baseline of data collection regarding agricultural production and marketing." As the organic industry matures and grows at a rapid rate, the lack of national data for the production, pricing, and marketing of organic products has been an impediment to further development of the industry and to the effective functioning of many organic programs within USDA. Because of the multi-agency nature of data collection within USDA, the effort to improve organic data collection and analysis must also be undertaken by several different agencies within the Department:

Economic Research Service (ERS)

Collection and Analysis of Organic Economic Data Request: \$750,000

In fiscal year 2006, Congress appropriated \$500,000 to USDA's Economic Research Service to continue the collection of valuable acreage and production data, as required by Section 7407 of the 2002 farm bill. Because increased ability to conduct economic analysis for the organic farming sector is greatly needed, we request \$750,000 to be appropriated to the USDA ERS to implement the "Organic Production and Market Data Initiative" included in Section 7407 of the 2002 farm bill.

Agricultural Marketing Service (AMS)

Organic Price Collection Request: \$1 million

Accurate, public reporting of agricultural price ranges and trends helps to level the playing field for producers. Wholesale and retail price information on a regional basis is critical to farmers and ranchers, but organic producers have fewer sources of price information available to them than conventional producers. Additionally, the lack of appropriate actuarial data has made it difficult for organic farmers to apply for and receive equitable Federal crop insurance. AMS Market News is involved in tracking product prices for conventional agricultural products, and with funding, could broaden their efforts to include organic price data as well. We request \$1 million to be appropriated to the USDA Agricultural Marketing Service for collection of organic price information.

National Agriculture Statistics Service (NASS)

Census Follow-up/Organic Grower Survey Request: \$1 million

The mission of USDA's National Agricultural Statistics Service (NASS) is to provide timely, accurate, and useful statistics in service to U.S. agriculture. NASS is making an effort to expand the quantity of organic questions in the 2007 census. However, they will need to conduct a follow-up survey to collect more in-depth information on acreage, yield/production, inventory, production practices, sales and expenses, marketing channels, and demographics. Therefore, we are requesting \$1 million for USDA NASS.

USDA/CSREES

Organic Transitions Program Request: \$5 million

The Organic Transition Program, funded through the CSREES budget, is a research grant program that helps farmers surmount some of the challenges of organic production and marketing. As the organic industry grows, the demand for research on topics related to organic agriculture is experiencing significant growth as well. The benefits of this research are far-reaching, with broad applications to all sectors of U.S. agriculture, even beyond the organic sector. Yet funding for organic research is minuscule in relation to the relative economic importance of organic agriculture and marketing in this nation.

The CSREES Organic Transition Program was funded at \$2.1 million in fiscal year 2003, \$1.9 million in fiscal year 2004, and \$1.88 million for both fiscal years

2005 and 2006. Given the rapid increase in demand for organic foods and other products, and the growing importance of organic agriculture, the research needs of the organic community are expanding commensurately. Therefore, we are requesting that the program be funded at \$5 million in fiscal year 2007. In addition, we are requesting that the Organic Transition Program remain a separate program, and not be subsumed within the National Research Initiative, as proposed in the President's budget.

USDA/CSREES

National Research Initiative (NRI) Request: Language directing CSREES to add a new NRI program area to foster classical plant and animal breeding

In recent decades, public resources for classical plant and animal breeding have dwindled, while resources have shifted toward genomics and biotechnology, with a focus on a limited set of major crops and breeds. Unfortunately, this shift has significantly curtailed the public access to plant and animal germplasm, and limited the diversity of seed variety and animal breed development. This problem has been particularly acute for organic and sustainable farmers, who seek access to germplasm well suited to their unique cropping systems and their local environment. Without renewed funding in this arena, the public capacity for plant and animal breeding will disappear.

In both of fiscal years 2005 and 2006, the Senate Agriculture Appropriations Subcommittee included report language raising concerns about this problem, and urging CSREES to give greater consideration to research needs related to classical plant and animal breeding, when setting priorities within the National Research Initiative. Despite this report language, research proposals for classical plant and animal breeding that have sought NRI funding in the past couple of years have been consistently declined. Further, the shift in NRI toward work on genomics and biotechnology continues, to the exclusion of classical plant and animal breeding.

As the nation's preeminent agricultural competitive grants program, the National Research Initiative should be funding classical plant and animal breeding activities. The NRI currently has over 30 program areas of focus. We are requesting that an additional program area be created within the NRI to foster this important research, and that this new program area be entitled, "Classical Plant and Animal Breeding to Foster More Diverse, Energy Efficient and Environmentally Sustainable Agricultural Systems."

USDA/CSREES

Sustainable Agriculture Research Request: \$15 million (Chapter 1) and Education (SARE) and \$5 million (Chapter 3)

The SARE program has been very successful in funding on-farm research on environmentally sound and profitable practices and systems, including organic production. The reliable information developed and distributed through SARE grants have been invaluable to organic farmers. We are requesting \$15 million for Chapter 1 and \$5 million for Chapter 3 for fiscal year 2007.

USDA/Rural Business Cooperative Service Appropriate Technology Transfer for Rural Areas (ATTRA) Request: \$3.1 million

ATTRA is a national sustainable agriculture information service, which provides practical information and technical assistance to farmers, ranchers, Extension agents, educators and others interested in sustainable agriculture. ATTRA interacts with the public, not only through its call-in service and website, but also provides numerous publications written to help address some of the most frequently asked questions of farmers and educators. Much of the real-world assistance provided by ATTRA is extremely helpful to the organic community. As a result, the growth in demand for ATTRA services has increased significantly, both through the website-based information services and through the growing requests for workshops. We are requesting \$3.1 million for ATTRA for fiscal year 2007, representing a \$600,000 increase over fiscal year 2005 and fiscal year 2006 levels. These funds would be used to initiate a Farm Energy Initiative, to respond to the high demand for information and technical assistance from farmers about ways to increase their energy efficiency in response to high energy costs.

*USDA/ARS**Strategic Regional Programming for Organic Agricultural Research Request: \$10 million, divided between regions*

In 2005, USDA-ARS spent about \$3.5 million on organic-specific projects, or about 0.35 percent of the overall ARS budget for fiscal year 2005. Given its growing importance in the overall agricultural economy, the commitment by ARS to organic research must be greatly enhanced.

Distributed among the 7 Regional Areas and the ARS National Program Office, this funding would provide needed flexibility to better address the broad needs and opportunities of the organic production and processing sector. Funding will be allocated by the Area Directors to: (1) maintain and enhance existing CRIS projects, scientists and technicians whose objectives are specific to organic production and processing; and (2) provide support to integrate organic agriculture objectives into other projects, when such capacity exists.

*USDA/NRCS**Conservation Security Program Request: No Funding Limitation**USDA/Rural Business Cooperative Service**Value-Added Producer Grants Request: No Funding Limitation*

The Conservation Security Program (authorized by Section 2001 of the 2002 farm bill) and the Value-Added Producer Grant (authorized by Section 6401 of the 2002 farm bill) have great potential to benefit organic producers in their efforts to conserve natural resources and to explore new, value-added enterprises as part of their operations. Unfortunately, while these programs were authorized to operate with mandatory funding, their usefulness has been limited by funding restrictions imposed through the annual appropriations process. We are urging that the Conservation Security Program and the Value-Added Producer Grant Program be permitted to operate with unrestricted mandatory funding, as authorized.

Thank you for this opportunity to testify and for your consideration on these critical funding requests.

 PREPARED STATEMENT OF NATIONAL POTATO COUNCIL

My name is Ed Schneider. I am a potato farmer from Pasco, Washington 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 is estimated at 437,888,000 cwt. with a farm value of \$3.2 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 136.5 pounds in 2003, 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 nutritious consumer commodity and an integral, delicious component of the American diet.

The NPC's fiscal year 2007 appropriations priorities are as follows:

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

The NPC urges the Congress not to support the President's fiscal year 2007 budget request to eliminate the CSREES Special Grant Programs and the formula funds under the Hatch Act. Both of these programs support important university research work that helps our growers remain competitive in today's domestic and world marketplace.

The NPC supports an appropriation of \$1.8 million for the Special Potato Grant program for fiscal year 2007. The Congress appropriated \$1.417 million in fiscal year 2004, a decrease from the fiscal year 2003 level of \$1.584 million and \$1.509 million in fiscal year 2005. 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 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 after review by the Potato Industry Working Group.”

Agricultural Research Service (ARS)

The NPC urges that the Congress not support the Administration’s fiscal year 2007 budget request to rescind all fiscal year 2005 Congressional increases for research projects.

The Congress provided funds for a number of important ARS projects and, due to previous direction by the Congress, the ARS continues to work with the NPC on how overall research funds can best be utilized for grower priorities.

Foreign Market Development: Market Access Program (MAP)

The NPC also urges that the Congress maintain the spending level for the Market Access Program (MAP) at its authorized level of \$200 million for fiscal year 2007 and not support the Administration’s budget request to cap this valuable export program at the \$125 million level.

Foreign Agriculture Service (FAS)

The NPC supports the President’s fiscal year 2007 budget request of \$152.4 million for the USDA Foreign Agriculture Service (FAS). This level is the minimum necessary for the agency given the multitude of trade negotiations and discussions currently underway.

Food Aid Programs

McGovern-Dole

The NPC supports the Administration’s fiscal year 2007 budget request of \$100 million for the McGovern-Dole International Food Aid Program. PVO’s have been including potato products in their applications for this program.

Public Law 480

The President’s fiscal year 2007 budget requests \$1.2 billion for USAID programs, including \$964 million for USAID Public Law 480 Title II programs. The President’s budget also transfers \$300 million from USAID Title II activities funded under the Agriculture Budget to the Foreign Operations Budget. The NPC urges that the \$300 million be reinstated in the regular USAID Public Law 480 Title II budget to avoid a significant loss of applications for dehydrated potatoes in Title II programs and procurement of U.S. food commodities for food aid.

Pest and Disease Management

Animal and Plant Health Inspection Service (APHIS)

Golden Nematode Quarantine.—The NPC supports an appropriation of \$1,266,000 for this quarantine which is what is believed to be necessary for USDA and the State of New York to assure official control of this pest. Failure to do so could adversely impact potato exports.

Given the transfer of Agriculture Quarantine Inspection (AQI) personnel at U.S. ports to the Department of Homeland Security, it is important that certain USDAAPHIS programs be adequately funded to ensure progress on export petitions and protection of the U.S. potato growers from invasive and harmful pests and diseases.

Pest Detection.—The NPC supports \$45 million in fiscal year 2007, which is the Administration’s budget request. Now that the Agriculture Quarantine Inspection (AQI) program is within the new Homeland Security Agency, this increase is essential for the Plant Protection and Quarantine Service’s (PPQ) efforts against potato pests and diseases such as *Ralstonia*.

Emerging Plant Pests.—\$101 million was appropriated in fiscal year 2005. The President requests \$127 million in fiscal year 2007 which the NPC supports.

The NPC supports having the Congress once again include language to prohibit the issuance of a final rule that shifts the costs of pest and disease eradication and control to the States and cooperators.

Trade Issues Resolution Management.—\$12,578,000 was appropriated in fiscal year 2005 and the President requests \$18 million in fiscal year 2007. The NPC supports this increase only if it is specifically earmarked for plant protection and quarantine activities. These activities are of increased importance yet none of these funds are used directly for plant protection activities. As new trade agreements are negotiated, the agency must have the necessary staff and technology to work on

plant related import/export issues. The NPC also relies heavily on APHIS-PPQ resources to resolve phytosanitary trade barriers in a timely manner.

Agricultural Statistics

National Agricultural Statistics Service (NASS)

The NPC supports sufficient funds and guiding language to assure that the potato objective yield and grade and size surveys are continued.

Rural Development Grants

Since potato growers do not receive direct payments, the 2002 Farm Bill provided for, among other things, grants to allow our growers to expand their business opportunities. One program that has been used by our growers is the value-added grant program. The NPC would urge that the Farm Bill funding level for this program be maintained. In addition, maintaining adequate farm labor is also important to our growers. The NPC urges that farm labor housing grants be maintained and not reduced as proposed by the Administration's budget request.

PREPARED STATEMENT OF THE NATIONAL RURAL TELECOM ASSOCIATION

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 2007 in the amounts requested in the President's budget for 5 percent direct (\$144 million) and cost of money (\$247 million) and the associated subsidy, as required, to fund those programs at the requested levels.

—Supporting Sec. 306 guaranteed loans in the amount (\$299 million) requested in the budget.

—Opposing the budget request that would cut direct loans for broadband facilities and internet service access by almost 30 percent from the fiscal year 2006 enacted level of \$500 million to \$356 million. Supporting the request to fund the program through discretionary funding and the budget proposal to provide \$30 million of the authorized level in broadband loans at an interest rate of 4 percent.

—Supporting the completion of the dissolution of the Rural Telephone Bank in fiscal year 2006 in accordance with the administration's budget assumption.

—Supporting continued funding, as requested in the President's budget, in the amount of \$25 million in grant authority designated for distance learning and medical link purposes.

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 4 percent of total U.S. subscribers. On the other hand, borrower service territories total 37 percent of the land area—nearly 12 million squares 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 this administration 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 loan default by a rural telephone system! All of their loans have been repaid in accordance with their terms: \$13 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 5 years ago, 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 have increased pressures to shift more costs onto rural ratepayers. These 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 continue to 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.

Ongoing Congressional Mandates for Rural Telecommunications

Considerable loan demand is being generated because of the mandates for enhanced rural telecommunications standards contained in the authorizing legislation. We are, therefore, recommending the following loan levels for fiscal year 2007 and the appropriation of the associated subsidy costs, as required, to support these levels:

5 percent Direct Loans	\$144,000,000
Cost-of-Money Loans	247,000,000
Guaranteed Loans	299,000,000
Broadband Loans	500,000,000
Total	1,190,000,000

These are the same levels for 5 percent direct, cost-of-money loans and guaranteed loans, as requested in the President's budget for fiscal year 2007 and the enacted amount for broadband loans in the fiscal year 2006 appropriations act. The authorized levels of loans in each of these programs were substantially obligated in fiscal year 2005 and current estimates are that authorized program levels will be met in fiscal year 2006. 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 Dissolution Initiative

Congress established the Rural Telephone Bank 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. However, changed circumstances in the rural telephone industry and difficulties associated with accelerating privatization of the Rural Telephone Bank have made this transition to private ownership and control problematic raising difficult questions about the viability of a privatized bank and its future support among rural telephone systems.

In recognition of these factors, the administration, subject to congressional approval, determined to dissolve the bank in fiscal year 2006 pursuant to Sec. 411 of the RTB enabling act. We continue to support this action as well as the budget recommendation to transfer the historic lending authority of the RTB (\$175 million) to the guaranteed loan program so that rural telephone systems will continue to have adequate loan resources available for rural telecommunications infrastructure development at the levels intended by the Congress. We share the assumption in the fiscal year 2007 budget that the bank's dissolution will be completed during the current fiscal year.

The Broadband Loan Program

The broadband loan program was funded last year for the current fiscal year at \$500 million. Very little subsidy cost is associated with this program since most of the loans are made at the government's cost-of-money. Despite that, the President's budget recommends reducing the loan levels for fiscal year 2007 by almost 30 percent to \$356 million. We are opposed to that and recommend to the committee that the fiscal year 2007 appropriations bill continue to fund the program at enacted levels. The demand for this program is still quite strong and if the President's stated objective of deploying this technology to all rural areas of this country is to be met, the \$500 million funding level must be maintained.

At the same time, this year's budget recognizes that given the high costs involved in the more sparsely populated areas requires subsidy assistance and recommends that \$30 million of the authorized level of these loans be made at a 4 percent interest rate. We support that initiative as well as the budget request to fund the program through discretionary rather than mandatory funding.

Grants for Medical Link and Distance Learning Purposes

We support the continuation in fiscal year 2007 of the \$25 million in grant authority provided in the President's budget for medical link and distance learning purposes and the decision to not request additional loan funds for these programs. The purpose of these grants is to accelerate deployment of medical link 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 agree with the conclusion in the budget that these projects are more feasible when provided through grants to eligible recipients rather than loans.

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. They serve to assure that America's rural inhabitants will never become second-class citizens in this modern information age of telecommunications technology.

PREPARED STATEMENT OF THE NATIONAL WIC ASSOCIATION

Dear Chairman Bennett and Ranking Member Kohl: We write on behalf of the National WIC Association, NWA, to present comments on the President's proposal to fund the Special Supplemental Nutrition Program for Women, Infants and Children, known as WIC, for the fiscal year 2007.

We write on behalf of the thousands of nationally recognized WIC health professionals, nutritionists and dietitians who are committed to addressing the nutrition and healthcare needs of WIC families. Our members serve over 8.0 million low and moderate-income women and children with, or at risk of developing, nutrition-related health problems through 2,100 WIC agencies in 10,000 WIC clinics each month. WIC serves almost one-half of all infants born in this country and roughly 1 in 4 of all children between 1 and 5 years of age. Our members are the front lines battling to improve the quality of life for our most vulnerable populations.

At the outset, we would like to compliment both of you and members of the Subcommittee for your long-term commitment to WIC. The future of our Nation's low-income women, infants and children depend upon your support. NWA is proud of the strong bi-partisan commitment WIC has engendered since its inception.

As well, we compliment the President, Secretary Mike Johanns, Under Secretary for Food, Nutrition, and Consumer Services Eric Bost and their teams for their past support of WIC.

We applaud the President for proposing to provide \$15 million for breastfeeding initiatives, \$14 million for infrastructure funds, \$125 million to restore the contingency fund, and to maintain the moratorium on new WIC-Only vendors.

In contrast to the President's budget proposal of \$5.2 billion, NWA strongly recommends that WIC be funded at \$5.388 billion. NWA's recommended funding level is \$188 million above the President's request and redresses the damages from the proposed cap on NSA funding (\$152 million), the proposal to cap Medicaid adjunctive eligibility (\$3 million), a failure to provide funding for essential MIS needs (\$30 million) and important health outcomes research (\$3 million).

We are dismayed that the President has again offered his proposal to cap nutrition services funding (NSA) at 25 percent of the total amount provided—that Congress wisely defeated in the 1st Session of the 109th Congress. This proposal will reduce services for all mothers and children and because States are highly unlikely to be able to further reduce per participant costs, 850,000 mothers and children could potentially lose essential nutrition services benefits.

Nutrition services include nutrition assessment, counseling and education, obesity prevention efforts, breastfeeding support and promotion efforts, on-going interventions of nutrition related complications of pregnancy, complex feeding and growth issues of infants and children, follow-up of special metabolic formulas, pre-natal and pediatric healthcare referrals and follow-up, spousal and child abuse referral, drug and alcohol counseling referral, immunization screening assessment and referral and a host of other client benefits. Simply put, the President's proposal to cap nutrition services funding, NSA, represents a significant benefit cut to WIC mothers and children.

The Government Accountability Office, GAO, in its mandated report to Congress entitled "Food Assistance: WIC Faces Challenges in Providing Nutrition Services," published in December 2001, writes that: "WIC has been faced with the challenge of meeting additional program requirements with available resources. Since the late 1980's, a number of requirements have been placed on the program aimed at, among other things, containing the cost of food benefits, promoting breastfeeding, encouraging immunizations, and controlling program abuse. While these requirements have placed additional service delivery and administrative demands on WIC staff, they have not been accompanied by more funding per participant; the NSA grant per participant was established in 1989 and since then has only been adjusted for inflation. There is also evidence that nonfederal support for NSA may have decreased since fiscal year 1992. Nor have the additional demands been offset by reductions in other responsibilities. As a result, WIC agencies have had to cut costs and make changes in service delivery that potentially will have a negative impact on the quality of WIC services (GAO-02-142, p. 31)."

Balancing increased program demands and available resources has forced WIC Programs across the nation to cut costs despite increasing needs.

Indeed, local agencies have been forced to consolidate or close clinics and in some cases dramatically increase participant to staff ratios to unacceptable levels of 1,000:1 or 1,200:1 from 300:1. The GAO quotes 1998 and 2001 USDA studies that found that "22 percent of local agencies serving almost 25 percent of all WIC participants reported having inadequate office space. Additionally, 30 percent of local agencies serving about 41 percent of all WIC participants reported having insufficient numbers of professional staff. Finally, 56 percent of State WIC agency automated management information systems were not capable of performing, or efficiently performing, 1 or more of 19 essential program tasks (GAO-02-142, p. 37)." Evidence suggests that this situation has only gotten worse.

It is important to note that State cost containment efforts have significantly contributed to reducing WIC food package costs. Indeed, savings from infant formula cost containment efforts allow WIC to cover the food benefits provided to roughly 20 percent of WIC mothers and children and saved the Subcommittee and Federal tax payers over \$23 billion since 1989. "If rebate savings are considered, NSA has remained roughly 20 percent of total program costs from 1988 through 1999 (GAO-02-142, p. 34)." In essence, cost containment has effectively capped NSA at unreasonably low levels. A legislated cap has the potential to further diminish the success and savings the Program has achieved.

It takes NSA resources to prescribe and distribute WIC food packages and maintain program integrity. The President's proposed cap on WIC NSA funding will result in unspent WIC food resources and unmet participant needs, increasing the vulnerability of all ready food insecure mothers and children. We cannot imagine that the President intends this result when in previous years he was so committed to ensuring that WIC received additional overall Program funding.

WIC's population, like the general population, has experienced dramatic increases in the prevalence of overweight and obesity and related health issues. A study re-

leased by the Department of Health and Human Services' Centers for Disease Control and Prevention shows that deaths due to poor diet and physical inactivity rose by 33 percent over the past decade and may soon overtake tobacco use as the leading preventable cause of death. WIC Programs across the Nation have been actively engaged in obesity prevention efforts since the turn of the millennium and WIC is recognized for its role in addressing the Nation's obesity health crisis.

WIC uses multiple key nutrition services strategies in the Program's nearly 10,000 clinics to combat the growing national obesity epidemic. These include:

- Individualized nutrition assessments provided to mothers and children to identify overweight or obesity among other nutrition risks;
- Individualized nutrition counseling provided for at-risk mothers and children;
- Prescribed, tailored, reduced fat and low-sugar WIC food packages provided to all WIC mothers and children that include reduced or non-fat milk, reduced-fat cheese, and cereals with 6 grams of sugar or less;
- Counseling to promote increased physical activity;
- Counseling for eating and life-style behaviors that may contribute to overweight and obesity;
- Instruction on how to select and prepare healthy foods;
- Active promotion and support of breastfeeding as the best form of infant feeding—acknowledged to aid in preventing childhood overweight and obesity.

Inadequate nutrition services and administration funding will stifle WIC's efforts to achieve positive nutrition outcomes.

The net result of the President's proposal to cap nutrition services funding, NSA, would be to harm the Program and to erode benefits and services for mothers and children.

We urge the Subcommittee to once again exempt WIC from the proposed cap on Nutrition Services funding to protect critical WIC participant benefits.

NWA urges the Subcommittee not to override WIC's authorizing statute and to provide \$30 million annually outside of the regular NSA grant to implement MIS core functions, upgrade and maintain WIC technology systems, achieve program efficiencies and economies, and render systems EBT ready. This will fulfill the President's own WIC technology initiative, embodied in the Child Nutrition and WIC Reauthorization Act of 2004.

The President, in his WIC reauthorization agenda, recognized that technology provides a critical foundation for quality WIC services and Program Integrity. He recognized that funding WIC technology from existing resources compromises WIC's ability to deliver services and develop responsive MIS systems. Current limits on funding prevent more than half—56 percent—of WIC State agencies from meeting USDA core functions. Among these core functions are those that are critical for States to effectively manage grant funds and food cost containment efforts.

To develop and maintain MIS and electronic service delivery systems, and to link with other health data systems the President urged Congress during reauthorization to earmark and provide a funding level of \$30 million annually outside the regular NSA grant to implement MIS core functions, upgrade WIC technology systems, maintain MIS and electronic services and expedite the joint NWA/USDA 5 year plan for State MIS systems. This funding level is a mere down payment for the actual costs of improving outdated and outmoded MIS systems—USDA reported in 2001 that “the cost of bringing WIC's essential program tasks up to standard in all States over the next 6 years is between \$147 million and \$267 million (GAO-02-142, p. 22).”

The President's fiscal year 2007 proposal provides no monies for MIS, seriously jeopardizing mandated vendor cost containment requirements and impending changes to the WIC food packages essential to combating obesity. We urge the Subcommittee to act to fund MIS and electronic service delivery systems at \$30 million in its appropriations bill.

NWA urges that Congress continue to save Medicaid funds by ensuring that all Medicaid recipients remain automatically income eligible for WIC. The President has again proposed a cap on Medicaid adjunctive eligibility, freezing that eligibility level at 250 percent. This proposal, wisely rejected by Congress last year, most directly affects MD, MO, MN, NH, RI and VT.

This proposal flies in the face of the Administration's purported efforts to reduce NSA costs by driving up the expense of doing WIC business for the six States directly affected. Though it eliminates eligibility for only a small number of individuals, it would require the affected States to accomplish duplicative income documentation for all Medicaid recipients applying for WIC. It would have the unintended consequence of potentially discouraging otherwise WIC eligible mothers and children from applying if they feel that they may not be eligible, undermining the preventative impact of WIC and adding unnecessary administrative burden.

Although this proposal is not included in the fiscal year 2007 budget request for WIC, the President has signaled his intention in the Administration's fiscal year 2007 budget request to recommend in fiscal year 2008 a required State match of 20 percent for nutrition services (NSA) funds. NWA urges Subcommittee members to oppose this recommendation. Based on USDA data, adjusted for inflation, in fiscal year 2008, should States fail to provide a match, more than 1.5 million mothers and children would be at risk of losing critical nutrition services benefits!

It is inconceivable that State legislatures and governors would be willing to provide matching funds. This proposal would be disastrous for the future of WIC, leading to a significant deterioration in services and State and local agencies closing down clinics, even entire programs. WIC food benefits cannot be prescribed or provided, nor can program integrity be maintained without adequate NSA resources.

A matching grant would undermine or even eliminate current effective collaborative relationships due to reduced resources. Collaboration is already jeopardized with some programs that have limited resources as a result of Federal and State funding cuts.

A national priority for 32 years, WIC ensures healthy pregnancies, babies and children. To make WIC anything less than a national priority runs the risk of increased infant mortality and increased numbers of low birth weight infants. WIC must remain a national priority.

Finally, NWA has sought changes in the WIC Food Packages since 2000, attempting to bring them in line with current dietary science. The Association has encouraged USDA/FNS to publish a proposed rule transforming the WIC food packages by adding fresh, frozen and canned fruits and vegetables, among other changes proposed by the National Academy of Sciences Institutes of Medicine. NWA urges the Subcommittee to continue to press USDA/FNS for immediate publication of a proposed rule, reflecting the IOM's recommendations, with a minimum 90-day public comment period. The time for change in the WIC food packages is now if we are to continue to meet the challenges of ensuring healthy children and preventing obesity in low-income populations.

NWA urges the Subcommittee to fully fund WIC for the fiscal year 2007 at \$5.388 billion, oppose the NSA and Medicaid caps, fund MIS at \$30 million, fund breastfeeding initiatives at \$15 million, fund infrastructure needs at \$14 million, fully restore the WIC contingency fund to \$125 million, continue the moratorium on new WIC-Only stores until State agencies are in full compliance with the Interim Final Rule on Vendor Cost Containment, and fund WIC health outcomes research at \$3 million.

WIC is a short-term intervention program designed to influence lifetime nutrition behaviors and lifelong health outcomes in a targeted, high-risk population. It has an extraordinary, nearly 31-year record of preventing children's health problems and improving their health, growth and development. WIC children enter school ready to learn. They show better cognitive performance. It would be tragic to undo 32 years of success and reverse the President's own multi-year commitment to the families WIC serves.

PREPARED STATEMENT OF THE NATURE CONSERVANCY

Mr. Chairman and members of the Subcommittee, I appreciate this opportunity to present The Nature Conservancy's recommendations for fiscal year 2007 appropriations for Agriculture, Rural Development, Food and Drug Administration and Related Agencies. My name is Jimmie Powell and I am the Director of Government Relations at the Conservancy.

The Nature Conservancy is an international, nonprofit organization dedicated to the conservation of biological diversity. Our mission is to preserve the plants, animals and natural communities that represent the diversity of life on Earth by protecting the lands and waters they need to survive. Our on-the-ground conservation work is carried out in all 50 states and in 27 foreign countries and is supported by approximately one million individual members. We have helped conserve nearly 15 million acres of land in the United States and Canada and more than 102 million acres with local partner organizations globally.

Much of my testimony today will concern the pests, pathogens and other invasive species that threaten natural landscapes and working lands all across our Nation. These threats are urgent and it is most important that the federal government provide leadership now in addressing this growing threat to our economy and to the wildlife and plants of our continent.

Asian Longhorned Beetle.—The Asian Longhorned Beetle kills a wide variety of hardwood trees, particularly sugar maple. ALB threatens to devastate forests reach-

ing from New England to the Great Lakes. Currently the beetle is found primarily in New York City and New Jersey. APHIS, working with state, and local officials, is succeeding in a 10-year program to eradicate ALB. The President has proposed funding of \$19.927 million in fiscal year 2007 as compared to the \$19.859 million appropriated (after rescission) in fiscal year 2006. We urge the Subcommittee to fund ALB at \$30 million in fiscal year 2007, so that the ongoing efforts to eradicate this pest will succeed. Failure to eradicate the ALB exposes both urban and rural areas of northern states to substantial risk. If not stopped, ALB could kill 30 percent of the Nation's urban trees at a compensatory value of \$669 billion. If it is unchecked, the New England maple syrup industry is threatened as well as autumn foliage tourism which generates \$1 billion in revenue in New England every year.

Cactus Moth.—The cactus moth kills prickly pear cacti. First found in Florida, the moth is rapidly moving along the Gulf Coast (currently it has traveled as far as Alabama). APHIS has bred a sterile cactus moth that may help control the spread of this pest. Control of the cactus moth before it disperses around the Gulf Coast would protect the vast diversity of prickly pear cacti in the southwestern United States and Mexico. There are 31 likely host prickly pear species (opuntia) for the moth across the United States (9 found nowhere else in the world), including the federally endangered *Opuntia treleasei*, and 56 in Mexico (38 found nowhere else in the world). Control would also protect agricultural interests. Horticultural production of prickly pears occurs in Arizona, California, Nevada, New Mexico, and Texas. Annual revenues for Arizona alone are estimated at \$14 million. In drought years, ranchers in Texas have burned the spines off opuntias and fed them to cattle. Thus, the cactus moth presents both a critical ecological and agricultural threat. We urge you to fund eradication efforts at \$1.5 million in fiscal year 2007 for a full sterile release program.

Emerald Ash Borer.—The Emerald Ash Borer (EAB), an Asian native, was detected in 2002. Control programs began in 2003. The quarantine area now covers nearly 20,000 square miles in Michigan's Lower Peninsula and nearby areas in Indiana, Ohio, with additional areas in Ontario. At present, spread of the emerald ash borer to the Upper Peninsula, Illinois, and Wisconsin is partially prevented by the Great Lakes. However, if eradication efforts are not sufficiently aggressive, EAB will spread further south into Ohio and Indiana, and be carried to other vulnerable areas in the East and Midwest. Seven billion ash trees are at risk across the Nation, at an estimated cost of \$282 billion. We urge the Subcommittee to provide APHIS with \$55 million to contain the Emerald Ash Borer in fiscal year 2007. In fiscal year 2006, APHIS is spending only \$9.93 million in appropriated funds. We support the efforts of Governors and other partners to obtain urgently needed emergency funds drawn from the Commodity Credit Corporation (CCC) to contain this beetle. Since funding must continue at this higher level for the program to succeed, it is important that the Congress appropriate \$55 million in fiscal year 2007 and beyond.

Sudden Oak Death.—Since 2000, APHIS has worked with California, Oregon, and other states to prevent the spread of Sudden Oak Death (SOD). This disease infects at least 40 native tree, shrub and herb species. The disease kills a variety of western and eastern oak trees. SOD has already killed one hundred thousand tanoaks, live oaks and black oaks in California. If SOD spreads into Oregon and Washington, it could severely disrupt production and movement of Douglas-fir seedlings used in replanting. If SOD spreads to the East, it is likely to kill large numbers of red oaks. Collectively the red and white oaks comprise 38 percent of the Nation's total hardwood saw-timber volume.

Containing Sudden Oak Death has become more challenging as the number of host plants has grown. The situation became a crisis in 2004 when officials discovered that infected nursery plants had been shipped to more than 200 nurseries across the country. APHIS adopted highly restrictive regulations to prevent a recurrence of the 2004 crisis that are proving effective: in 2005, inspectors detected infected plants in 56 nurseries, only 8 of which were not on the West Coast. In fiscal year 2007, at least \$9 million is needed to ensure the continued efficacy of these regulations and curb the spread of this disease.

Sirex Woodwasp.—This wood-boring insect native to Europe, Asia, and North Africa has been introduced into pine plantations in several countries in the Southern Hemisphere where it caused serious damage before the release of a biological control agent reduced the problem. The wasp has now become established in New York and Ontario. According to the USDA Forest Service, if the *Sirex* woodwasp is allowed to spread, within 55 years it could cause damage ranging from \$3 billion to \$17 billion to U.S. pine timber and pulp production, primarily in the South. To forestall these damages, APHIS must implement regulations to prevent movement of infested material while expediting the safety review required before any release in North

America of the biological control agent. We anticipate that APHIS will need several million dollars for this new activity.

USDA Agriculture Research Service.—The Conservancy urges the Subcommittee to provide funding for the Agricultural Research Service (ARS) to study possible biological control agents targeting two insects that threaten the unique cycad forests of Guam. The Asian cycad scale and cycad blue butterfly—both individually and together—are on track to destroy these forests. ARS staff at the Ft. Pierce, Florida laboratory should receive funds to identify and test possible biological control agents targeting these two harmful insects. Additional funds are needed for staff on Guam.

Noxious Weed Control and Eradication Act.—We respectfully request \$15 million to fully implement the Noxious Weed Control and Eradication Act of 2004, enacted by the 108th Congress. As control and management of invasive species are important for agriculture, natural areas, forestry, and rangeland, this effort has strong bipartisan support. This issue is vital to the health of the Nation's economy and ecosystems. Funding for this program now will save money in the long-term.

Pest and Disease Management Programs.—APHIS provides technical and financial support to help control or eradicate a variety of threats to our agricultural and natural systems. In an attempt to further combat pest and disease outbreaks and problems the Administration has proposed a \$10 million pilot competitive-bid program to award grants to private groups who can respond to invasive species with innovative methodologies. It has been noted that a major obstacle to APHIS' ability to rapidly respond to infestations is that there is no national system that addresses all types of invasive species infestations—those affecting aquatic areas, rangelands, and forests as well as crops and livestock. With this pilot program the agency may be able to increase its effectiveness with invasive species by including the early involvement of on the ground groups who recognize the urgent need for rapid response, active involvement, and can bring with them pioneering and resourceful tactics.

Wetlands Reserve Program.—America's wetlands are the habitat for thousands of species of wildlife, and up to half of all North American bird species nest or feed in wetlands and about half of all threatened and endangered species use wetlands. In addition, our wetlands help to trap pollution, reduce the impact of floods, stabilize shore areas, and provide recreational opportunities. President Bush has committed to increasing the number of wetland acres in the United States and has requested full funding for the Wetlands Reserve Program (WRP) in his fiscal year 2007 budget request. Full funding of WRP would allow for enrollment of 250,000 acres in 2007, the full yearly authorized amount in the 2002 Farm Bill. WRP is the key component in meeting the president's promise to create, improve and protect at least 3 million wetland acres over a 5-year period that ends in 2009.

Another very effective program administered under WRP, is the Wetlands Reserve Enhancement Program (WREP), which uses existing authority to enhance the delivery of WRP. Specifically, WREP provides an avenue for NRCS to form special partnerships with States, local governments, and non-profit organizations to improve and expand the delivery of WRP through easement acquisition and activities associated with wetland restoration, creation, or enhancement. We are pleased to see NRCS using this tool to direct funding to locally initiated and led projects that achieve maximum environmental benefits while remaining cost-effective and leveraging non-Federal funds. We fully support the expanded use of this program and propose that with an increased funding level for WRP, NRCS be encouraged to expand its financial assistance available for WREP.

Wildlife Habitat Incentive Program.—The Wildlife Habitat Incentive Program (WHIP) is a highly-effective and widely-accepted program across the country. WHIP is able to target wildlife habitat projects on all lands and aquatic areas, and provides assistance to conservation-minded landowners to develop and improve wildlife habitat on their lands. We recommend that the committee support the President's program request for an increase of \$12 million over the 2006 level. The Conservancy supports the NRCS proposal to target \$10 million to improve migratory fish habitats by removing obstructions from rivers, such as small private dams and water diversions. This focus will help to create incentives to protect streamside areas, repair instream habitat, improve water flows and water quality, or initiate watershed management and planning in areas where streams are in a degraded condition due to past practices.

Conservation Reserve Program.—The Conservancy has been a strong supporter of USDA's Conservation Reserve Program (CRP) and supports the full authorized enrollment of 39 million acres. Roughly 35 million acres across the country are under short term CRP rental agreements, and beginning in 2007, contracts representing over 22 million acres will expire, over 62 percent of those acres. USDA's Farm Serv-

ice Agency (FSA) is currently deciding how to handle this large number of expiring contracts and additional acres, as well.

Few environmental programs have matched the scope and achievement of CRP. Since its inception in 1986, the program has been responsible for reducing soil erosion by nearly 40 percent and restoring the grassland and wetland communities of the Great Plains. However, there is still so much more that the program could accomplish. We urge the committee to direct USDA to increase CRP's environmental benefits by: (1) better targeting CRP enrollments; (2) enhancing the management of CRP lands; and (3) assuring that inappropriate cover plantings are not encouraged by the program. In order to achieve these higher environmental benefits, FSA will need to update and improve the Environmental Benefits Index (EBI). Proper management of CRP lands and improved targeting of CRP contracts to attain the highest conservation goals will require increased funding for the agency as it prepares for huge reenrollment that it now faces.

PREPARED STATEMENT OF THE NEW MEXICO INTERSTATE STREAM COMMISSION

SUMMARY

This Statement is submitted in support of appropriations for the U.S. Department of Agriculture's Environmental Quality Incentives Program (EQIP) and the Colorado River Basin Salinity Control Program. Prior to the enactment of the Farm Security and Rural Investment Act (FSRIA) in 2002, the salinity control program had not been funded at the level necessary to control salinity with respect to water quality standards since the enactment of the Federal Agriculture Improvement and Reform Act (FAIRA) of 1996. Inadequate funding of the salinity control program also negatively impacts the quality of water delivered to Mexico pursuant to Minute 242 of the International Boundary and Water Commission. Adequate funding for EQIP, from which the U.S. Department of Agriculture (USDA) funds the salinity program, is needed to implement salinity control measures. The President's budget for fiscal year 2007 requests an appropriation of \$1 billion for EQIP. I urge the Subcommittee to support an appropriation of at least \$1 billion to be appropriated for EQIP. I request that the Subcommittee designate 2.5 percent, but no less than \$20 million, of the EQIP appropriation 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.

Congress authorized the Colorado River Basin salinity control program in the Colorado River Basin Salinity Control Act of 1974. Congress amended the Act in 1984 to give new responsibilities to the USDA. While retaining the Department of the Interior as the lead coordinator for the salinity control program, the amended Act recognized the importance of the USDA 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 USDA's authorization for the program.

Bureau of Reclamation studies show that damages from the Colorado River to United States water users are about \$330,000,000 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 USDA 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 FAIRA in 1996, that the salinity control program could be most effectively implemented as a component of EQIP. However, until 2004, the salinity control program since the enactment of FAIRA was not 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 prior to 2004 were insufficient to adequately control salin-

ity impacts from water delivered to the downstream States, and hampered the required quality of water delivered 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 USDA 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 which 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 to address the funding problem, the USDA'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 EQIP. 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 USDA's responsibilities under the Colorado River Basin Salinity Control Act, as amended. Irrigated agriculture in the Upper Basin realizes significant local benefits of improved irrigation practices, and agricultural producers have succeeded in submitting cost-effective proposals to NRCS.

Years of inadequate Federal funding for EQIP since the 1996 enactment of FAIRA and prior to 2004 resulted in the Forum finding that the salinity control program needs acceleration 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 now exists. The President's budget request of \$1 billion accomplishes the needed acceleration of the NRCS salinity control program if the USDA continues its practice of designating 2.5 percent of the EQIP funds appropriated. The requested funding of 2.5 percent, but no less than \$20 million, of the EQIP funding will continue to be needed each year for at least the next few fiscal years.

State and local cost-sharing is triggered by and indexed to the Federal appropriation. Federal funding for the NRCS salinity control program of about \$19.5 million for fiscal year 2006 has generated about \$15.8 million in cost-sharing from the Colorado River Basin States and agricultural producers, or more than an 80 percent match of the Federal funds appropriated for the fiscal year.

USDA salinity control projects have proven to be a most cost-effective component of the salinity control program. USDA 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 are awaiting funding for their applications to be considered.

The Basin States expend 40 percent of the state funds allocated for the program for essential NRCS technical assistance and education activities. Previously, the Federal part of the salinity control program funded through EQIP failed to adequately fund NRCS for these activities, which has been shown to be a severe impediment to accomplishing successful implementation of the salinity control program. Recent acknowledgement by the Administration that technical assistance and education activities must be better funded has encouraged the Basin States and local producers that cost-share with the EQIP funding for implementation of the essential salinity control work. I request that adequate funds be appropriated to NRCS technical assistance and education activities directed to the salinity control program participants (producers).

I urge the Congress to appropriate at least \$1 billion in fiscal year 2007 for EQIP. Also, I request that Congress designate 2.5 percent, but no less than \$20 million, of the EQIP appropriation for the Colorado River Basin salinity control program.

PREPARED STATEMENT OF THE US 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 US Marine Shrimp Farming Consortium (USMSFC), funded under the Federal initiative, Shrimp Aquaculture.

We bring to your attention the success of the US Marine Shrimp Farming Consortium and its value to the Nation. The Consortium consists of institutions from 7 States: the University of Southern Mississippi/Gulf Coast Marine Laboratory, Mississippi; the Oceanic Institute, Hawaii; Tufts University, Massachusetts; Texas Agricultural Experiment Station, Texas A&M University, Texas; Waddell Mariculture Center, South Carolina; the University of Arizona, Arizona; and Nicholls State University, Louisiana. These institutions, which oversee the USMSFC, have made major advances in technology development and services to support the U.S. shrimp farming industry. The USDA in its 2004 program review recognized the program's excellent scientific performance, output, and multi-state collaborative efforts. The Consortium is at the crossroads of contributing to major growth of the U.S. shrimp farming industry, consolidating its competitive advantages, and satisfying consumer's demands for safe and wholesome seafood products. Shrimp is the number one consumed seafood product in the United States, yet contributes to a \$3.6 billion trade deficit, second only to the import of oil for the deficit contributed by natural resource products.

Accomplishments

The Consortium, in cooperation with private industry, industry associations, and government agencies has generated new technologies for producing safe and 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 program 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, inland/rural farm and even desert sites; (5) served a lead role in the Joint Subcommittee on Aquaculture's efforts to assess the threat of globally transported shrimp pathogens; (6) served on the Office of International Epizootics, recommending country-of-origin labeling of imported shrimp products to combat the spread of exotic disease pathogens, subsequently adopted by the USDA in its 2002 Farm Bill; (7) supplied the United States industry with selectively bred and disease-resistant shrimp stocks; (8) developed advanced technology for biosecure shrimp production systems to protect both cultured and native wild stocks from disease; and (9) developed new feed formulations to minimize waste generation and enhance the use of domestic grains and oilseed products. These substantial accomplishments advance the continued growth of the domestic industry place an important emphasis on environmental sustainability, address concerns for the safety and quality of our seafood supply, and increase market competitiveness.

Judging from the State of the industry today, USMSFC efforts continue to have measurable positive effect. Coastal farming continues to lead in the production of cultured shrimp in the United States, inland farming has added new dimensions and growth to the industry, and super-intensive production approaches are gaining momentum. Improvements in farm management practices coupled with the widespread use of disease-resistant stocks have resulted in bumper crops for the industry over the last several years.

With reliable production in place, we have also seen a commensurate geographic expansion of the industry within the United States from three to seven States in the last 10 years. 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 in the event of disease outbreaks or natural disaster. Significant amounts of shrimp are now being produced in Texas, South Carolina, Florida, Hawaii, Arizona, Alabama, and Arkansas. Several other States are now beginning to explore production with the newer, super-intensive technologies being developed.

In addition, the recent and growing worldwide switch to use of specific pathogen free (SPF) *L. vannamei* has created tremendous opportunity for U.S. shrimp broodstock suppliers. This switch has been caused by diseases overseas which have affected wild broodstock animals, lowering overall yield and profitability. The SPF concept for shrimp, pioneered by the USMSFC, has now been accepted worldwide and U.S. broodstock suppliers are being overwhelmed by orders for their stocks. For instance, in 2004, the State of Hawaii gave its exporter of the year award to a local company specializing in shrimp broodstock. Estimates are the world market for SPF stocks can reach near \$90 million yearly.

Industry Vulnerability

While exceptional progress has been made, this emerging industry is continually confronted with new challenges. The industry depends on the USMSFC for leadership and innovative technology development. As a result of development of high-

health and improved stocks, disease diagnosis, new feeds, and new production technologies and farming approaches, the domestic 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 6 years have approached \$6 billion USD.

Diseases present in imported commodity shrimp products threaten not only the emerging domestic shrimp farming industry, but also the Nation's native shrimp stocks. During 2004, limited disease outbreaks did occur in Texas and Hawaii that were caused by a breakdown in biosecurity protocols against imported shrimp products. A quick response of the USMSFP, working in concert with the USDA's Animal and Plant Health Inspection Services and other agencies in the State of Texas, helped identify and isolate these outbreaks, limit the spread, and minimize the loss in production nationwide. There were no reoccurrences or outbreaks of other disease in 2005.

While significant progress has been made in risk assessment and risk management with visible success, the industry and the USMSFC must remain constantly vigilant and proactive to further improve global competitiveness. In addition to providing significant input on the development of national and international regulatory standards for shrimp farmers, important service work for governmental agencies and NGOs keeps us continuously apprised of new developments pertaining to emerging regulations so that USMSFC research plans can be kept proactively responsive to dynamic shifts in industry needs.

The overwhelming threat facing the U.S. marine shrimp farming industry today is the significant decline in market prices for domestic shrimp due to a surge of foreign imports over the last 3 years. The decline has also seriously threatened the domestic shrimp harvest industry. Average U.S. farm gate prices have fallen 40 percent since then, constraining profitability and plans for industry expansion. Antidumping tariffs imposed in February 2005 have not nor are forecasted to stem the tide of rising imports, or improve domestic shrimp prices as intended. Affected buyers and distributors have largely absorbed those costs or producers have switched to product forms not covered by the tariffs. Moreover, other countries not named on the order have filled any voids with increased imports into the United States.

Concerns also have been heightened over food safety issues associated with unregulated use of antibiotics and fecal-borne contaminants due to questionable production practices in certain countries. Further, due to disease outbreaks worldwide, several foreign countries have switched production to the dominant species in the United States, eroding a previous competitive advantage. While it is important that a level playing field be created through reexamination of trade and food safety issues, more technologically advanced and innovative approaches are now critically needed to leverage U.S. industry gains, create competitive advantage, and improve profitability. Innovative ways need to be sought to offset low prices and to distinguish and add value to the domestic product to provide a competitive edge in the marketplace and to ensure the safety of the domestic seafood supply.

Industry Independence

In fact, despite recent price and profitability trends, investor confidence is rising as a result of the work of the Consortium. New farms are emerging utilizing new and improved technologies, while others are working in cooperation with the Consortium on more advanced approaches that are nearing fruition. In addition to supporting today's industry, our advanced, high-density biosecure shrimp production systems are now developed to the point for further expansion of shrimp farming into near-shore, inland/rural and desert sites away from the environmentally sensitive coastal zone. We now have in place the economic models that will appropriately direct research to ensure economic viability, taking in consideration all associated biological, regional, and economic risk factors. Importantly, these new production technologies produce the highest quality and safest shrimp, utilize U.S. grain and oilseed products for feed production, and do not pose any threat to the environment. These important traits of an evolving domestic industry can be exploited to gain competitive edge, offset declining prices, and ensure the quality and safety of shrimp for the consumer. Clearly, the U.S. shrimp farming industry has emerged solid from near collapse in the early 1990s, and appears well poised for a new phase of growth, provided the technologies and innovations are in place to support a larger, more diverse, and more competitive domestic industry for the new millennium.

To support existing efforts and technology transfer and plans for new dimensions to the research to address recent profitability issues, an increase in the current funding level from \$4.158 million to \$6 million is requested. The increase will be used to: strengthen the Consortium's biotechnology and molecular capabilities and activities to support rapid and more advanced disease monitoring and genetic selec-

tion efforts; accelerate the development of new genetic lines for market advantage; advance high-density production prototypes to commercial-scale testing; determine the mechanisms of disease immunity in shrimp for protection of both farmed and wild shrimp stocks; and address niche market technologies for competitive advantage. In addition to these needed technological innovations, increased funding will support new efforts to promote institutional innovations that will enable expansion and vertical integration of the domestic industry, including examination of regulatory impediments to shrimp aquaculture; the effect of farm insurance; development of cooperatives; and the socioeconomics of existing and advanced, high-density production systems.

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 ORGANIC FARMING RESEARCH FOUNDATION (OFRF)

The Organic Farming Research Foundation (OFRF) has received support from the following federal grants and contracts during the period October 1, 2002 to present.

ENVIRONMENTAL PROTECTION AGENCY (EPA) STRATEGIC AGRICULTURE INITIATIVE (SAI)
GRANTS UNDER THE FOOD QUALITY PROTECTION ACT (FQPA)

REGION 9

Grant Agreement: X-97901601-0

Project Title: Organic Farming Research for Alternative Weed and Pest Management

Project Period: 10/01/2001—12/31/2003 amended to 6/30/2005

This assistance agreement provided full Environmental Protection Agency (EPA) funding in the amount of \$84,000. The project supported limited research in EPA Regions 8, 9 and 10 that investigated pest and weed management in organic farming systems to develop alternative approaches for managing pests and weeds without relying on agricultural chemicals.

Grant Agreement: X-97935601-0

Project Title: Pest and Weed Management

Project Period: 11/01/2001—12/31/2004

This assistance agreement provided full Environmental Protection Agency (EPA) funding in the amount of \$10,430. The project supported investigation and development of pest and weed management methods in organic farming systems for a variety of crops in EPA Region 9 to develop alternatives to synthetic agricultural chemicals.

REGION 5

Grant Agreement: X8-96562001-0

Project Title: Organic Farming Research Foundation

Project Period: 10/01/2004—9/30/2006

Environmental Protection Agency (EPA) funds in the amount of \$30,000 would be distributed through a competitive grants program for projects that investigate organic pest control alternatives to chemicals being reviewed under the Food Quality Protection Act. The Organic Farming Research Foundation proposed to use EPA funding to support research on organic farming practices for weed and insect pest management in IL, IN, MI, MN, OH, and WI and tribal Nations.

Grant Agreement: X8-96562001-1

Project Title: Organic Farming Research Foundation

Project Period: 10/01/2004—9/30/2006

Environmental Protection Agency (EPA) funds in the amount of \$30,000 would be distributed through a competitive grants program for projects that investigate organic pest control alternatives to chemicals being reviewed under the Food Quality Protection Act. The Organic Farming Research Foundation proposed to use EPA funding to support research on organic farming practices for weed and insect pest management in IL, IN, MI, MN, OH, and WI and tribal Nations.

REGION 8

Grant Agreement: X8-97815401-0

Project Title: Surveys, Studies, Investigations

Project Period: 10/01/2004—9/30/2006

Environmental Protection Agency (EPA) funds in the amount of \$40,000 support research on organic farming practices for weed and insect pest management in CO,

MT, ND, SD, UT, WY, and 27 Tribal Nations. Funds are channeled through OFRF's competitive grants program for projects that investigate organic pest control alternatives to chemicals being reviewed under the Food Quality Protection Act.

UNITED STATES DEPARTMENT OF AGRICULTURE (USDA)/INITIATIVE FOR FUTURE
AGRICULTURE AND FOOD SYSTEMS (IFAFS)

Subcontract RF740050 under the USDA/IFAFS Award Number: 00-52101-9691
Project Title: Revitalizing Small and Mid-Sized Farms: Organic Research, Education, and Extension

Project Period: 9/15/2000—9/30/2004 amended to 9/30/2005

USDA/IFAFS funding in the amount of \$221,038 to establish a consortium of universities, non-profit and grassroots farmers organizations that will revitalize small and mid-sized family farms by integrating multidisciplinary research, education, and extension of organic agriculture. The goal is to catalyze new opportunities for farmers including niche marketing of high-value horticultural and agronomic crops by expanding existing organic agriculture programs at three land grant institutions.

I, Brise Tencer, am submitting this testimony on behalf of the Board of Directors of the Organic Farming Research Foundation (OFRF) to detail our recommendations and requests for funding of several USDA marketing, research, and conservation programs of importance to organic agriculture.

The Organic Farming Research Foundation is a non-profit whose mission is to sponsor research related to organic farming practices, to disseminate research results to organic farmers and to growers interested in adopting organic production systems, and to educate the public and decision-makers about organic farming issues.

As you prepare your appropriations priorities for the fiscal year 2007 Agriculture, Rural Development and Related Agencies Appropriations bill, we request your support for the following organic programs. Development of organic production effectively serves USDA strategic objectives for environmental quality, human health and nutrition, and agricultural trade. Organic agriculture has experienced extraordinary growth over the last decade; the International Trade Center (UNCTAD/WTO) estimates that organic products represent 2–2.5 percent of total U.S. retail food sales. Because organic production improves profitability and market access, it is a desirable alternative for many producers and represents an important opportunity for growth in U.S. agriculture. The organic sector is extremely diverse in scale, technology, and market chains. Both ends of the scale spectrum are experiencing vibrant growth. The modest funding levels requested below will help these trends continue while providing a cost effective way to create positive returns for the environment and our economy.

USDA AGRICULTURAL RESEARCH SERVICE

\$10 Million for Strategic Regional Programming for Organic Agricultural Research

In 2005, USDA-ARS spent about \$3.5 million on organic-specific projects, or about .35 percent of \$1 billion fiscal year 2005 ARS expenditures. Under a 2 percent "fair share" framework, the ARS would have generated about \$20 million for organic research in its budget. The 2004 and 2005 appropriations omnibus bills contained language urging ARS to direct an increased amount of resources to organic. This report language was not a mandate and no significant increases in organic expenditures have been seen over the last several years.

For fiscal year 2007, OFRF recommends \$10 million for Strategic Regional Programming for Organic Agricultural Research. This funding would be part of an overall package of \$10 million total that would be distributed among the 8 Regional Areas (and the National Agricultural Library). Regional distribution of funds would provide flexibility to address the needs and opportunities of the organic production and processing sector. This approach would make progress towards the "fair share" goal and provide a bridge to the evolution of a national program for organic research. Funding will be allocated by the Area Directors (with stakeholder input) to (1) Maintain and enhance existing CRIS projects, scientists and technicians whose objectives are specific to organic production and processing; and (2) Provide support to integrate organic agriculture objectives into other projects and partnerships, where such capacity exists and when the objectives meet priority needs (e.g., as identified by the ARS National Organic Workshop held January, 2005 in Austin, Texas). The attached addendum to this request provides additional information about regional needs.

USDA COOPERATIVE STATE RESEARCH EDUCATION AND EXTENSION SERVICE

Organic Transitions Program: \$5 million

Over the last few years the Organic Transition research program has become one of the most competitive of the USDA CSREES integrated grant programs. Because of the high level of interest in this program, only about 10 percent of qualified applicants have been able to receive funding (compared to 19–29 percent of qualified applicants that receive funding in comparable grants programs at the USDA CSREES). We expect interest in this program to continue to grow. Expansion of this program should focus on a higher number of smaller grants. Also, it is important that this program keeps its own identity and not be incorporated into the National Research Initiative (NRI). We ask the committee to increase funding for Organic Transition program to \$5 million in 2007 and for it to remain as part of the Integrated Organic Program, distinct from the National Research Initiative.

National Research Institute (NRI): 30 percent directed to goals of the Initiative for Future Food and Agricultural Systems (IFAFS)

The IFAFS program has provided an important source of research funds for projects relevant to organic growers. The appropriation bills between fiscal year 2003 to fiscal year 2006 each prohibit USDA from spending money for IFAFS, but directed the Department to spend a 20 percent subset of the National Research Initiative competitive grants program “under the same terms and conditions” as IFAFS. For fiscal year 2007 we support the President’s request that 30 percent of NRI be directed to IFAFS goals. Additionally, we request the Committee include report language directing the USDA CSREES to direct a significant portion of these funds to organic research (including trade and economic policy topics) within the following program areas: Managed Ecosystems and Small and Mid sized Farm Viability and Rural Entrepreneurship through inclusion of language soliciting applications on organic research topics in the NRI requests for applications.

Sustainable Agriculture Research and Education (SARE): Chapter 1: \$15 million, Chapter 3: \$5 million

SARE funds farmer-driven research and outreach on profitable, environmentally sound farming practices, including organic production. SARE’s solid track record, regional structure, and close links between research and outreach mean that farmers nationwide get reliable information they need on how to stay in business while being environmentally responsible. In 2005 the SARE program was funded at Chap 1: \$9.2 million, Chap 3: \$3.8 million. For 2007 we seek \$15 million, \$5 million for Chapters 1 and 3, respectively.

USDA ECONOMIC RESEARCH SERVICE

Organic Production and Marketing Data Collection: \$750,000

Because increased ability to conduct economic analysis for the organic farming sector is greatly needed, we request \$750,000 be appropriated to the USDA Economic Research Service to implement the “Organic Production and Market Data Initiative” included in Section 7407 of the 2002 farm bill.

USDA NATIONAL AGRICULTURE STATISTICS SERVICE (NASS)

Census follow up—Organic Grower Survey: \$1 million

Unlike other sectors of agriculture, the organic industry has suffered from a lack of data collection and analysis, which has limited producers’ ability to respond to market trends. The USDA NASS is currently in the process of developing the 2007 agricultural census. Although they are making an effort to expand the quantity of organic questions in the census, they will need to conduct a follow up survey in order to collect more in-depth information on acreage, yield/production, inventory, production practices, sales and expenses, marketing channels, and demographics. We request \$1 million be appropriated to the USDA National Agriculture Statistics Service for collection of organic price information, authorized by the “Organic Production and Market Data Initiative” included in Section 7407 of the 2002 farm bill.

USDA AGRICULTURAL MARKETING SERVICE

Organic Price Collection: \$1 million

Wholesale and retail price information is critical to farmers and ranchers, but organic producers have fewer resources for price information than conventional producers. Organic price information is particularly important for insuring that organic producers receive appropriate payment from Federal crop insurance when they incur a loss. We request \$1 million be appropriated to the USDA Agricultural Mar-

keting Service for collection of organic price information, authorized by the "Organic Production and Market Data Initiative" included in Section 7407 of the 2002 farm bill.

Organic Certification Cost Sharer: \$1.5 million

For small to medium scale producers and handlers, the cost of organic certification can be a significant impediment to entry into the USDA Organic Program. The cost of the program are not confined to initial certification, in fact many small and medium sized producers often cite the ongoing annual cost burden of maintaining organic certification as an obstacle to staying in the USDA National Organic Program. The Organic Certification Cost Share Program was created to ease the cost burden of certification by providing up to 75 percent (to a maximum of \$500) of certification costs, but the \$5 million provided in the 2002 Farm Bill has now been expended at the Federal level (although a few states have some residual funding which they are still in the process of dispersing to producers or handlers). We urge the committee to direct \$1.5 million in funds of the Commodity Credit Corporation as a stopgap measure to continue the National Organic Certification Cost Share Program authorized in Section 10606 of the 2002 Farm Bill.

Organic Standards: \$3.13 million

The national organic standards, which have been in effect since October 31, 2002, provide a uniform national standard for the term "organic" that ensures consumer confidence in American organic products. The rules, however, will have little effect unless it is properly enforced thereby protecting both consumers and producers of organic products. Additional funding is needed to investigate complaints, on-site auditing of certifiers (for accreditation purposes), and certifier training programs. In fiscal year 2005, Congress appropriated \$2 million to AMS for Organic Standards. For 2007, we support the President's request of \$3.13 million to expand enforcement and compliance of the National organic standards. Additionally, we request the following report language be included: "The Committee is encouraged that the Agency has hired an Executive Director for the National Organic Standards Board (NOSB), as well as a new Director for the National Organic Program. The Committee also notes that the audits performed by the American National Standards Institute (ANSI) in 2004 and by the USDA Office of Inspector General (OIG) in 2005 made strong recommendations about changes needed in the administration of the National Organic Program. The Committee expects the Agency to take the necessary actions to comply with these recommendations, and to provide a written report to the Committee by December of 2006 regarding the progress in implementing these recommendations. In addition, the Committee expects to be kept abreast of the complaints that the NOP has received about violations of the organic standards, and the progress of the Agency in investigating and responding to those complaints. Finally, the Committee expects the NOP to work closely with the NOSB to implement the Peer Review Panel requirements of OPFA and USDA's organic regulations."

USDA NATURAL RESOURCES CONSERVATION SERVICE

Conservation Security Program (Csp): Full Funding

The Conservation Security Program is a comprehensive stewardship incentives program that provides financial and technical assistance to farmers and ranchers nationwide to reward them for creating public benefits such as clean water, clean air, wildlife habitat, and long-term carbon storage. Such assistance is of particular importance to the organic producers, many of whom already implement practices outlined in this program. We seek full funding for the CSP as a nationwide conservation entitlement program.

Environmental Quality Incentives Program (Equip): Language supporting incentive payments for transitioning to organic production

The Environmental Quality Incentives Program (EQIP) is a voluntary conservation program for farmers and ranchers that promotes agricultural production and environmental quality as compatible national goals. EQIP offers financial and technical help to assist eligible participants install or implement structural and management practices on eligible agricultural land.

Incentive payments may be provided for up to three years to encourage producers to carry out management practices they may not otherwise use without the incentive. Some states, including Massachusetts, Montana, and Minnesota have used incentive payments to support producers transitioning to organic production. These transition incentives payment programs assist farmers who choose to convert new acreage to organic production. To qualify, farmers must apply at their local NRCS offices, file organic system plans, and be inspected by a USDA-accredited certifying

agent. We urge the Committee to encourage more states to make such programs available by adding language that says: “funds may be used for incentive payments for transition to organic production”.

USDA RURAL BUSINESS-COOPERATIVE SERVICE

Appropriate Technology Transfer for Rural Areas (ATTRA): \$3.9 million

ATTRA, is a national sustainable agriculture information service managed by the National Center for Appropriate Technology. It provides information and other technical assistance to farmers, ranchers, Extension agents, educators, and others involved in sustainable agriculture in the United States. The ATTRA website receives hundreds of thousands of visitors annually. Often written in response to questions from organic farmers, the ATTRA publications cover specific issues about the most widely produced organic crops. With the continued rapid growth of the organic industry, we anticipate an increase in demand for ATTRA services in the coming year. Because ATTRA specifically provides accurate and up-to-date technical information relating to organic agricultural practices we request that it be funded at \$3.9 million.

Thank you for your consideration of these requests. Supporting organic agriculture, by appropriating adequate funding for these programs provides critical, cost-effective benefits for U.S. producers and consumers.

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 2007 loan levels for the telecommunications loans program administered by the Rural Utilities Service (RUS) in the following amounts:

(Millions of dollars)

5 percent hardship loans	145
Treasury rate loans	250
Guaranteed loans	1 300

¹ Note: The \$300 million requested for guaranteed loans includes \$175 million in funding that was previously available through the Rural Telephone Bank (RTB). The dissolution of the RTB necessitates additional funds for RUS telecommunications loans in order to maintain the level of funds available to rural telecommunications borrowers.

In addition, OPASTCO requests that the distance learning, telemedicine, and broadband program be funded at sufficient levels.

OPASTCO is a national trade association of approximately 550 small telecommunications carriers serving primarily rural areas of the United States. Its members, which include both commercial companies and cooperatives, together serve over 3.5 million customers in 47 States.

Perhaps at no time since the inception of the RUS (formerly the REA) has the telecommunications loans program 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 begun to deliver on the promise of a new “information age.” Both federal and state policymakers have made deployment of advanced communications services a top priority. However, without continued support of RUS's telecommunications loans program, rural telephone companies will be hard pressed to continue building the infrastructure necessary to bring their communities into this new age and achieve policymakers' objectives.

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 fiber-to-the-home, 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. Moreover, the ability of consumers to use increasingly popular Voice over Internet Protocol (VoIP) services requires that they first have a broadband connection from a facilities-based carrier. 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. In the FCC's September 2004 report on the deployment of advanced telecommunications capability, the Commis-

sion correctly noted that “[r]ural areas are typically characterized by sparse and disperse populations, great distances between the customer and the service provider, and difficult terrain. These factors present a unique set of difficulties for providers attempting to deploy broadband services.” Thus, in order for rural telephone companies to continue modernizing their networks and providing 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 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. Certainly, telecommunications plays a major role in any rural community’s economic development strategy, with the existence of modern and advanced telecommunications infrastructure being a major enabling factor in the development of small business and manufacturing enterprises in rural areas.

While it has been said many times before, it bears repeating that RUS’s telecommunications loans program is not a grant program. 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 program is tremendously successful. Borrowers actually build the infrastructure and the government is reimbursed with interest.

In addition to RUS’s telecommunications loans program, OPASTCO supports adequate funding of the distance learning, telemedicine, and broadband program. 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. Furthermore, funding that is targeted to finance the installation of broadband transmission capacity 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 2007.

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.

PREPARED STATEMENT OF THE PICKLE PACKERS INTERNATIONAL, INC.

The pickled vegetable industry strongly supports and encourages your committee in its work of maintaining and guiding the Agricultural Research Service. To accomplish the goal of improved health and quality of life for the American people, the health action agencies of this country continue to encourage increased consumption of fruits and vegetables in our diets. Accumulating evidence from the epidemiology and biochemistry of heart disease, cancer and diabetes supports this policy. Vitamins (particularly A, C, and folic acid) and a variety of antioxidant phytochemicals in plant foods are thought to be the basis for correlation’s between high fruit and vegetable consumption and reduced incidence of these debilitating and deadly diseases. The problem is that many Americans choose not to consume the variety and quantities of fruits and vegetables that are needed for better health.

As an association representing processors that produce over 85 percent of the tonnage of pickled vegetables in North America, it is our goal to produce new products that increase the competitiveness of U.S. agriculture as well as meet the demands of an increasingly diverse U.S. population. The profit margins of growers continue to be narrowed by foreign competition. Likewise, the people of this country represent an ever-broadening array of expectations, tastes and preferences derived from

many cultural backgrounds. Everyone, however, faces the common dilemma that food costs should remain stable and preparation time continues to be squeezed by the other demands of life. This industry can grow by meeting these expectations and demands with reasonably priced products of good texture and flavor that are high in nutritional value, low in negative environmental impacts, and produced with assured safety from pathogenic microorganisms and from those who would use food as a vehicle for terror. With strong research to back us up, we believe our industry can make a greater contribution toward reducing product costs and improving human diets and health.

Many small to medium sized growers and processing operations are involved in the pickled vegetable industry. We grow and process a group of vegetable crops, including cucumbers, peppers, carrots, onions, garlic, cauliflower, cabbage (Sauerkraut) and Brussels sprouts, which are referred to as minor' crops. None of these crops is in any "commodity program" and as such, do not rely upon taxpayer subsidies. However, current farm value for just cucumbers, onions and garlic is \$2.3 billion with an estimated processed value of \$5.8 billion. These crops represent important sources of income to farmers, and the processing operations are important employers in rural communities around the United States. Growers, processing plant employees and employees of suppliers to this industry reside in all 50 States. To realize its potential in the rapidly changing American economy, this industry will rely upon a growing stream of appropriately directed basic and applied research from four important research programs within the Agricultural Research Service.

VEGETABLE CROPS RESEARCH LABORATORY, MADISON, WISCONSIN

The USDA/ARS Vegetable Crops Research Lab at the University of Wisconsin is the only USDA research unit dedicated to the genetic improvement of cucumbers, carrots, onions and garlic. Three scientists in this unit account for approximately half of the total U.S. public breeding and genetics research on these crops. Their past efforts have yielded cucumber, carrot and onion cultivars and breeding stocks that are widely used by the U.S. vegetable industry (i.e., growers, processors, and seed companies). These varieties account for over half of the farm yield produced by these crops today. All U.S. seed companies rely upon this program for developing new varieties, because ARS programs seek to introduce economically important traits (e.g., virus and nematode resistance) not available in commercial varieties using long-term high risk research efforts. The U.S. vegetable seed industry develops new varieties of cucumbers, carrots, onions, and garlic and over twenty other vegetables used by thousands of vegetable growers. The U.S. vegetable seed, grower, and processing industry, relies upon the USDA/ARS Vegetable Crops Research Lab for unique genetic stocks to improve varieties in the same way the U.S. health care and pharmaceutical industries depend on fundamental research from the National Institutes of Health. Their innovations meet long-term needs and bring innovations in these crops for the United States and export markets, for which the United States has successfully competed. Past accomplishments by this USDA group have been cornerstones for the U.S. vegetable industry that have resulted in increased profitability, and improved product nutrition and quality.

Both consumers and the vegetable production and processing industry would like to see fewer pesticides applied to food and into the environment in a cost-effective manner. Scientists in this unit have developed a genetic resistance for many major vegetable diseases that are perhaps the most important threat to sustained production of a marketable crop for all vegetables. Genetic resistance assures sustainable crop production for growers and reduces pesticide residues in our food and environment. Value of this genetic resistance developed by the vegetable crops unit is estimated at \$670 million per year in increased crop production, not to mention environmental benefits due to reduction in pesticide use. New research progress initiated in the 1990s and continuing today in Madison has resulted in cucumbers with improved disease resistance, pickling quality and suitability for machine harvesting. New sources of genetic resistance to viral and fungal diseases, environmental stress resistance like heat and cold, and higher yield have recently been mapped on cucumber chromosomes to provide a ready tool for our seed industry to significantly accelerate the development of resistant cultivars for U.S. growers. Nematodes in the soil deform carrot roots to reduce yield from 10 percent to over 70 percent in major production areas. A new genetic resistance to nematode attack was recently discovered and found to almost completely protect the carrot crop from one major nematode. This group improved both consumer quality and processing quality of vegetables with a resulting increase in production efficiency and consumer appeal. This product was founded on carrot germplasm developed in Madison, Wisconsin. Carrots provide approximately 30 percent of the U.S. dietary vitamin A. With new carrots

that have been developed, nutritional value of this crop has tripled, including the development of nutrient-rich cucumbers with increased levels of provitamin A. Using new biotechnological methods, a system for rapidly and simply identifying seed production ability in onions has been developed that reduces the breeding process up to 6 years! A genetic map of onion flavor and nutrition will be used to develop onions that are more appealing and healthy for consumers. Garlic is a crop familiar to all consumers, but it has not been possible to breed new garlic varieties until a new technique for garlic seed production was recently developed and is now being bred like other crops.

There are still serious vegetable production problems which need attention. For example, losses of cucumbers, onions, and carrots in the field due to attack by pathogens and pests remains high, nutritional quality needs to be significantly improved and U.S. production value and export markets could certainly be enhanced. Genetic improvement of all the attributes of these valuable crops are at hand through the unique USDA lines and populations (i.e., germplasm) that are available and the new biotechnological methodologies that are being developed by the group. The achievement of these goals will involve the utilization of a wide range of biological diversity available in the germplasm collections for these crops. Classical plant breeding methods combined with bio-technological tools such as DNA marker-assisted selection and genome maps of cucumber, carrot and onion will be the methods to implement these genetic improvements. With this, new high-value vegetable products based upon genetic improvements developed by our USDA laboratories can offer vegetable processors and growers expanded economic opportunities for United States and export markets.

U.S. FOOD FERMENTATION LABORATORY, RALEIGH, NORTH CAROLINA

The USDA/ARS Food Fermentation Laboratory in Raleigh, NC is the major public laboratory that this industry looks to as a source for new scientific information on the safety of our products and development of new processing technologies related to fermented and acidified vegetables. Over the years this laboratory has been a source for innovations, which have helped industry remain competitive in the current global trade environment. We expect the research done in this laboratory to lead to new processing and product ideas that will increase the economic value of this industry and provide consumers with safe, high quality, healthful vegetable products.

To maintain the current level of research we request that Congress restore the funding increases provided in the fiscal year 2004 (\$270,000) and fiscal year 2005 (\$100,000) budgets. It is very important that Congress restore the full \$370,000 in the fiscal year 2007 budget, since the funds were not included in the budget sent to the Congress.

We seek additional funding to support two new research directions for this laboratory that have substantial economic potential for our industry and health benefits for the American public. These are: (1) Preservation of a variety of high nutrient/high antioxidant vegetables using fermentation or acidification techniques so as to maintain the natural levels of beneficial phytochemicals in convenient to use value-added products; (2) development of techniques to deliver living pro-biotic microorganisms to consumers in fermented or acidified vegetable products.

Certain vitamins and beneficial phytochemicals in vegetables are stabilized by the low pH in acidified and fermented foods. In addition, low pH makes it possible to preserve vegetables with low heat or, ideally, no heat. While many high nutrient/high antioxidant vegetables are pickled to a very limited extent, traditional processes typically include steps that lose many of the health-promoting components that diet authorities emphasize when they urge people to increase their consumption of fruits and vegetables. The objective will be develop new acid preservation techniques for broccoli, Brussel sprouts, sweet potato, cauliflower, and peppers that will provide high levels of vitamin C, folic acid, carotenoids, glucosinolates, and phenolic compounds to maximize the health benefits of these vegetables in products that are convenient and attractive to consumers.

Most of what we hear about bacteria in foods concerns the pathogens that cause disease. However, lactic acid bacteria are intentionally grown in fermented foods because they are needed to give foods like sauerkraut, yoghurt, cheeses, and fermented salami the characteristic flavors and textures that we desire. There is a growing body of research to indicate that certain living lactic acid bacteria are probiotic and can improve human health by remaining in the intestinal tract after they are consumed. Fermented or acidified vegetables may be a good way to deliver such probiotic bacteria to consumers. The objective will be to identify probiotic lactic acid bacteria that can survive in high numbers in selected vegetable products and

investigate the potential for using vegetables as healthful delivery vehicles for probiotic organisms.

SUGAR BEET AND BEAN RESEARCH UNIT, EAST LANSING, MICHIGAN

The USDA/ARS cucumber post harvest engineering research at East Lansing, Michigan, is the only federally funded program that is devoted to developing new and/or improved engineering methods and technology for assessing, retaining, and assuring post harvest quality, marketability, and wholesomeness of pickling cucumbers and other vegetable products. The cucumber post harvest engineering research is one component of the post harvest engineering research program within the Sugar Beet and Bean Research Unit in East Lansing, Michigan. The post harvest engineering research program currently has a full-time research agricultural engineer whose primary research is to develop methods and technology for assessing and assuring post harvest quality of tree fruits. Because of severe under-funding, the location's cucumber post harvest engineering research has not been carried out at the full scope it would have been expected. A postdoctoral research associate has been hired to conduct research on developing nondestructive technology for assessing and grading pickling cucumbers and other vegetables. The ARS East Lansing location has been internationally recognized for developing innovative, practical engineering methods and techniques to improve harvest and post harvest handling systems for vegetables and tree fruits. The location recently developed a new laser-based multi-spectral imaging technology for grading and sorting fruit for texture and soluble solids content. The technology has the potential for inspecting a variety of vegetable crops including cucumbers. The location also developed an advanced hyper-spectral imaging system for automated detection of defects and quality attributes of fruit, which could be used for pickling cucumber inspection.

Today, consumers have increasing choices of foods and they are demanding for better, consistent safe products. Defective and inferior cucumbers/vegetables will lead to poor quality, inconsistent pickled products and can cause significant economic losses to growers and processors. An effective quality control and assurance system throughout the handling steps between harvest and retail is required for the pickling industry to provide consistent, superior products to the marketplace. Methods currently available for measuring and grading quality of cucumbers and other vegetables are either ineffective or time consuming. New and/or improved technologies are needed to assess, inspect and grade fresh cucumbers rapidly and accurately for various internal and external quality characteristics so that raw products can be directed to, or removed from, appropriate processing or marketing avenues. This will minimize post harvest losses of food that has already been produced and ensure high quality, consistent final product and end-user satisfaction. Current research at East Lansing is focused on developing rapid inspection techniques for detecting and segregating defective cucumbers to assure the keeping and processing quality of pickling cucumbers. The research will lead to new inspection and grading technology that will help the pickling industry in delivering high-quality safe products to the marketplace. To enhance research on the development of engineering methods and technology for assuring post harvest quality and marketability of pickled and vegetable products, a full-time research scientist (engineering) will be needed for the ARS East Lansing research program.

U.S. VEGETABLE LABORATORY, CHARLESTON, SOUTH CAROLINA

The research program at the USDA/ARS Vegetable Laboratory in Charleston, South Carolina, addresses national problems in vegetable crop production and protection with emphasis on the southeastern United States. This research program is internationally recognized for its accomplishments, which have resulted in development of over 150 new vegetable varieties and lines along with the development of many new and improved disease and pest management practices. This laboratory's program currently addresses 14 vegetable crops including those in the cabbage, cucumber, and pepper families, which are of major importance to the pickling industry. The mission of the laboratory is to (a) develop disease and pest resistant vegetable crops and (b) develop new, reliable, environmentally sound disease and pest management programs that do not rely on conventional pesticides.

Continued expansion of the Charleston program is crucial. Vegetable growers depend heavily on synthetic pesticides to control diseases and pests. Cancellation and/or restrictions on the use of many effective pesticide compounds are having a considerable influence on the future of vegetable crop production. Without the use of certain pesticides, growers will experience crop failures unless other effective, non-pesticide control methods are found quickly. The research on improved, more efficient and environmentally compatible vegetable production practices and genetically re-

sistant varieties at the U.S. Vegetable Laboratory continues to be absolutely essential. This gives U.S. growers the competitive edge they must have to sustain and keep this important industry and allow it to expand in the face of increasing foreign competition.

FUNDING NEEDS FOR THE FUTURE

It remains critical that funding continues the forward momentum in pickled vegetable research that the United States now enjoys and to increase funding levels as warranted by planned expansion of research projects to maintain U.S. competitiveness. We also understand that discretionary funds are now used to meet the rising fixed costs associated with each location. Additional funding is needed at the Wisconsin and South Carolina programs for genetic improvement of crops essential to the pickled vegetable industry, and at North Carolina and Michigan for development of environmentally-sensitive technologies for improved safety and value to the consumer of our products. The fermented and acidified vegetable industry is receptive to capital investment in order to remain competitive, but only if that investment is economically justified. The research needed to justify such capital investment involves both short term (6–24 months) and long term (2–10 years or longer) commitments. The diverse array of companies making up our industry assumes responsibility for short-term research, but the expense and risk are too great for individual companies to commit to the long-term research needed to insure future competitiveness. The pickled vegetable industry currently supports research efforts at Wisconsin and North Carolina and anticipates funding work at South Carolina and Michigan as scientists are put in place. Donations of supplies and processing equipment from processors and affiliated industries have continued for many years.

U.S. Vegetable Laboratory, Charleston, South Carolina

The newly constructed laboratory-office building at the U.S. Vegetable Laboratory was occupied in April 2003. Design of the accompanying greenhouse and head house using the funds appropriated for this purpose in fiscal year 2003 was completed in July 2004. In fiscal year 2004, construction of the head house component of this project was funded. The head house component of the project is now under construction with an expected completion in late spring 2006. In fiscal year 2005, \$2.976 million was appropriated for construction of greenhouses. In fiscal year 2006, an additional \$1.980 million was appropriated for construction of greenhouses, but \$7.169 million is still needed for the planned \$12.125 million greenhouse complex. This new facility replaces and consolidates outmoded laboratory areas that were housed in 1930s-era buildings and trailers. Completion of the total research complex will provide for the effective continuation and expansion of the excellent vegetable crops research program that has been conducted by the Agricultural Research Service at Charleston for over 60 years. It is most critical to the mission of the U.S. Vegetable Laboratory that the fiscal year 2002, fiscal year 2003, and fiscal year 2004 appropriated funds for expansion of the Charleston research staff is maintained in fiscal year 2007. In addition, new funds are still needed to hire additional scientists to expand the research program. An Entomologist is needed to facilitate development of host resistance and new management approaches to a wider range of established insect pests of vegetable crops; a Molecular Biologist is needed to develop and utilize molecular techniques for pathogen and pest population studies necessary to development of new management approaches and resistant genetic stocks. Both of these new scientific positions will greatly contribute to the accomplishment of research that will provide for the effective protection of vegetable crops from disease and pests without the use of conventional pesticides. Each of these positions requires a funding level of \$400,000 for their establishment.

Appropriations to restore	Fiscal year	Gross funds impacted
Minor Use Pesticides (IR-4) .....	.....	\$5,335
U.S. Vegetable Laboratory	2003	484,969
U.S. Vegetable Laboratory	2004	263,597
Total funds to restore .....	.....	753,901

New Scientific Staff Needed	Current Status	New Funds Needed
Entomologist	Needed	\$400,000

New Scientific Staff Needed	Current Status	New Funds Needed
Molecular Biologist	Needed	400,000
New funds needed .....	.....	800,000

Food Fermentation Laboratory, Raleigh, North Carolina

The current funding for the laboratory is \$1,274,000. This includes the new funds provided in fiscal year 2004 (\$270,000) and in fiscal year 2005 (\$100,000) that are not in the fiscal year 2007 budget proposal that was sent to the Congress. We request that the additional funding provided by the Congress in fiscal year 2004 and fiscal year 2005 be restored in the fiscal year 2007 budget.

To initiate and then increase the research initiatives to preserve high nutrient/high antioxidant vegetables to maximize healthful components and to determine how to deliver living pro-biotic lactic acid bacteria in acidified and fermented vegetable products, we request additional support for the Food Fermentation Laboratory of \$100,000 in fiscal year 2007 with the expectation that an additional \$100,000 be added each year from fiscal year 2008 through fiscal year 2011. This will provide an ability to have an orderly growth of research effort in these areas by supporting Post-Doctoral or Pre-Doctoral research associates initially and then hiring a permanent scientist in the third or fourth year to provide a long term research capability in the most productive research areas.

Scientific staff	Current status	Funds needed
Microbiologist	Active	\$318,500
Chemist	Active	318,500
Food technologist/biochemist	Active	318,500
Microbial Physiologist	Active	318,500
Fiscal year 2007 post-doctoral or predoctoral research associates	Needed	100,000
Total funding required .....	.....	1,374,000
Presidential Budget (fiscal year 2007) .....	.....	912,195
Appropriations to restore .....	.....	361,805
New funds needed .....	.....	100,000

Vegetable Crops Research Laboratory Unit, Madison, Wisconsin

Current base funding for three scientists is \$835,900, of which \$200,000 was added in fiscal year 2002. An additional \$64,100 is needed to fully fund the scientists and support staff, including graduate students and post-doctorates.

Scientific staff in place	Current status	Funds needed
Geneticist	Active	\$300,000
Horticulturist	Active	300,000
Geneticist	Active	300,000
Total funding required .....	.....	900,000
Presidential Budget (fiscal year 2007) .....	.....	641,911
Appropriations to restore .....	.....	193,989
New funds needed .....	.....	64,100

A temporary addition of \$200,000 was provided to enhance the research effort of this program in fiscal year 2002, and we greatly appreciate that additional support, but that addition is being proposed for reduction in fiscal year 2007. Thus, the restoration of the funds proposed for reduction, is urgently requested. We request a \$258,089 permanent addition this year to sustain the long-term research of this group.

Sugar Beet and Bean Research Unit, East Lansing, Michigan

The location urgently needs to hire a full-time research engineer to develop a comprehensive research program on nondestructive inspection, sorting and grading of pickling cucumbers and other vegetable crops to assure the processing and keeping quality of pickled products. The current base funding for the cucumber engineering

research is \$200,000. An increase of \$100,000 in the current base funding level would be needed to fund the research engineer position.

Scientific staff in place	Current status	Funds needed
Postdoctoral Research Associate	Active	\$200,000
Research Engineer	Needed	100,000
Total funding required .....	.....	300,000
Current Funding .....	.....	200,000
New funds needed .....	.....	100,000

Thank you for your consideration and expression of support for the USDA/ARS.

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. (Enclosure 1)

The Resolutions contained herein were adopted by the Association during its 81st Annual Meeting in Bossier City, Louisiana on February 24, 2006, and represent the combined concerns of the citizens of the Red River Basin Area as they pertain to the goals of the Association. (Enclosure 2)

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 and the war in Iraq; 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 2007 budget for NRCS indicates a decrease of \$216.4 million (21.5 percent decrease) from what Congress appropriated in fiscal year 2006. In addition, the Administration eliminated two crucial watershed programs: Watershed & Flood Prevention Operations and Watershed Survey & Planning. Along with drastic reductions in the other programs, NRCS manpower for fiscal year 2007 would have to decrease by over 1,500 staff years, if the President's budget is implemented. This is unacceptable.

This means that NRCS assistance to landowners will not be adequately funded, to the detriment of the Nation 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 account has been in steady decline, in real dollars, over the past several years. The President's budget included \$745 million, which is a decrease of \$94.5 million from what you appropriated in fiscal year 2006. Mandated increases in pay and benefits, continuing increases in the cost of doing business' and budget reductions greatly reduces the effective work that can be accomplished in this account. Allocations should be increased not decreased.

We request a total of \$930 million be appropriated for Conservation Operations for NRCS to meet the demands it faces today.

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 enroll in a Federal program. 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 adequate funding be placed in 'Conservation Technical Assistance', and allow NRCS to provide assistance to all who are in need of assistance.

It is our understanding that the Technical Service Providers (TSP) program has not lived up to its expectations. Experience indicates landowners are hesitant to use the program. This program funds projects at a level estimated if NRCS conducted

the work. Usually the TSP cost exceeds this estimate and the landowner is responsible for the difference, effectively making the landowner cost share. We believe that TSPs should be used only after NRCS staffing is brought up to levels commensurate with the increase in workload caused by the Farm Bill, not to replace NRCS staffing.

Watershed and Flood Prevention Operations (Public Law 566 & 534).—We are greatly disappointed that the President's Budget provided no funding for watershed operations. There is no doubt that this is a Federal responsibility, in conjunction with a local sponsor. This program addresses all watershed needs to include: flood protection, water quality, water supply and the ecosystem. There is no Corps of Engineer, Bureau of Reclamation or FEMA program to address small watershed needs, before disaster strikes. We recommend that Congress continue to hold oversight hearings to understand the importance and hear how popular this program is to our communities.

These projects have developed a \$15 billion infrastructure that is providing \$1.5 billion in annual benefits to over 48 million people. It is not a Federal program, but a Federally assisted program. This partnership between local communities, State agencies and NRCS has been successful for over 50 years. It would take \$1.6 billion to fund the existing Federal commitment to local project sponsors. This cost only increases every year if adequate funding is not provided.

If you allow this program to end, all ongoing contracts will be terminated. This will ultimately lead to lawsuits and tort claims filed by both sponsors and contractors, due to the Federal government not fulfilling its contractual obligation.

We are very appreciative for the funding level of \$75 million enacted in fiscal year 2006. It is reassuring to know that both the House and Senate realize the importance of this program to the agricultural community. For every \$1 spent, the Nation realizes \$2 in benefits.

There are many new projects, which are awaiting funds for construction under this program. We strongly recommend that a funding level of \$190 million be appropriated for Watershed Operations Programs, Public Law 534 (\$20 million) and Public Law 566 (\$170 million).

The Red River has proven, through studies and existing irrigation, to be a great water source for supplemental irrigation. The two projects mentioned below, 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. These projects 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.

—*Walnut Bayou Irrigation Project, AR.*—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 take on the responsibility to generate the income for the O&M required to support this project. We request that \$4,000,000 be appropriated for these projects in fiscal year 2007.

—*Red Bayou Irrigation Project, LA.*—The plans and specifications have been completed, making this project ready for construction in fiscal year 2007. An irrigation district has been formed and is prepared to collect funds to support the O&M for this proposed system. We request that \$2,500,000 be specifically appropriated to begin construction in fiscal year 2007.

Watershed Rehabilitation.—More than 10,400 individual watershed structures have been installed nationally, with approximately one-third in the Red River Valley. 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. They protect more people and communities from flooding now than when they were first constructed. The benefit to cost ratio for this program has been evaluated to be 2.2:1. What other Federal program can claim such success?

In the next 5 years over 900 watershed structures will require over \$570 million for rehabilitation. Each year this number increases as more dams reach their 50-year life. 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.

The President's budget neglects the safety and well being of our community needs by allocating only \$15 million for this program. This is drastically lower than the levels authorized in the 2002 Farm Bill, which authorized \$600 million for rehabilitation for 2003–2007.

We request that \$65 million be appropriated to provide financial and technical assistance to those watershed projects where sponsors are prepared (35 percent cost share) to commence rehabilitation.

Watershed Survey and Planning.—In fiscal year 2006, \$6.1 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 eliminate this program. We disagree with this and ask Congress to fund this program at the appropriate level.

Proper planning and cooperative efforts can prevent problems and insure that water resource issues are addressed. Zeroing out the planning process assumes the economy will not grow and there is no need for future projects. We do not believe anyone supports or believes this. Another serious outcome is that NRCS will lose its planning expertise, which is invaluable.

We request this program be funded at a level of \$35 million.

We request that the following two studies be specifically identified and funded in the fiscal year 2007 appropriation bill.

—*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 landowners 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 \$250,000 be appropriated for this study.

Resource Conservation and Development (RC&D).—This has traditionally been a well-received program by the Administration, not this year. Their budget proposal only had \$27 million, far short of national needs. This program leverages its resources at 4 to 1, with communities, local sponsors and non-government organizations. The benefits are realized at over 14 to 1, average per project. What other Federal program can claim such a return on investment?

We request that \$51 million be appropriated for this program, at the same level as in fiscal year 2006.

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 at the full cost for program delivery. This includes program administration, conservation planning and contracting with each applicant. Congress, in the 2002 Farm Bill, wisely increased conservation programs each year. This increased investment, with the multi-year CCC programs, will increase the NRCS workload. It is imperative that NRCS receive the TA funding levels required to administer these programs. If they do not receive full funding these programs will not realize their full capability.

It has been mandated that a set percent of TA, from the CCC Program, must be used for TSPs, approximately \$40 million. This is equivalent to losing 600 staff years from NRCS manpower. This is another unacceptable policy, which will reduce the effectiveness of NRCS. This mandate must be eliminated.

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. Technical Assistance cannot be contracted out to private companies.

We are all aware of the issue with TMDL levels in our waterways. If our Nation is to seriously address this we must look at the impacts from our farmlands. Assistance for land treatment plans and plan implementation is exactly what the NRCS Watershed programs are intended to address. Watershed programs should be receiving an increase in funds, not zeroed out!

With these new clean water initiatives 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.

These NRCS studies and watershed projects are an example of true “cooperative conservation” initiatives. There is an interface with communities and local sponsors at each step of the process and local sponsors do cost share at the levels expected of them.

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.

ENCLOSURE 1.—RED RIVER VALLEY ASSOCIATION

The Red River Valley Association is a voluntary group of citizens bonded together to advance the economic development and future well being of the citizens of the four State Red River Basin area in Arkansas, Louisiana, Oklahoma and Texas.

For the past 80 years, the Association has done notable work in the support and advancement of programs to develop the land and water resources of the Valley to the beneficial use of all the people. To this end, the Red River Valley Association offers its full support and assistance to the various Port Authorities, Chambers of Commerce, Economic Development Districts, Municipalities and other local governmental entities in developing the area along the Red River.

The Resolutions contained herein were adopted by the Association during its 80th Annual Meeting in Bossier City, Louisiana on February 24, 2005, and represent the combined concerns of the citizens of the Red River Basin area as they pertain to the goals of the Association, specifically:

- Economic and Community Development
- Environmental Restoration
- Flood Control
- Irrigation
- Bank Stabilization
- A Clean Water Supply for Municipal, Industrial and Agricultural Uses
- Hydroelectric Power Generation
- Recreation
- Navigation

The Red River Valley Association is aware of the constraints on the Federal budget, and has kept those constraints in mind as these Resolutions were adopted. Therefore, and because of the far-reaching regional and national benefits addressed by the various projects covered in the Resolutions, we urge the members of Congress to review the materials contained herein and give serious consideration to funding the projects at the levels requested.

ENCLOSURE 2.—RED RIVER VALLEY ASSOCIATION FISCAL YEAR 2007 APPROPRIATIONS—
NATURAL RESOURCES CONSERVATION SERVICE (NRCS)

[Thousands of dollars]

Discretionary accounts	Fiscal year 2006 approp.	Fiscal year 2007 request	Pres. 2007 budget
Conservation Operations	839,519	930,000	745,000
Watershed & Flood Prevention Operations	75,000	190,000	.....
Walnut Bayou Irrigation Project, AR .....	.....	4,000	.....
Red Bayou Irrigation Project, LA .....	.....	1,600	.....
Watershed Rehabilitation	31,516	65,000	15,000
Watershed Survey & Planning	6,083	35,000	.....
Maniece Bayou Irrigation Project, AR .....	.....	200	.....
North Wallace Lake Watershed, LA .....	.....	250	.....
Resource Conservation & Development (RC&D)	51,300	51,000	27,000
Healthy Forest Reserve Program	2,475	5,000	2,475

PREPARED STATEMENT OF THE SOCIETY FOR ANIMAL PROTECTION LEGISLATION

\$1.5 Million for the Animal Welfare Information Center (AWIC) at the National Agricultural Library

The Animal Welfare Information Center was established by the Improved Standards for Laboratory Animals Act (the 1985 amendment to the Animal Welfare Act) to serve as a clearinghouse, training center and educational resource for institutions using animals in research, testing and teaching. A primary purpose of the Center is to help research laboratories comply with the requirements of the Federal law. The Center provides data on alleviating or reducing pain and distress in experimental animals (including anesthetic and analgesic procedures), reducing the number of animals who must be used for research where possible, and identifying alternatives to the use of animals for specific research projects. The AWIC was also charged with providing information to prevent the unintended duplication of animal experiments.

We greatly appreciate the past support Congress has provided to the AWIC to carry out its programs: \$750,000 and an add-on of \$400,000. It is essential to maintain the existing level of support therefore a minimum base of \$1.15 million is needed on an annual basis. We are respectfully requesting an additional \$350,000 for desperately needed expansion in fiscal year 2007 including increased educational workshops and exhibits presented throughout the United States, increased production and printing of educational material and increased staffing to meet the demand for services.

There is general consensus between the biomedical research industry and the animal welfare community about the need for increased funding. In fact, myriad individuals representing these disparate interests have agreed on the need for \$1.5 million in funding for the Animal Welfare Information Center (see attached letter). The AWIC is able to help improve the conduct of research, including the care provided to the animals who are used, thereby ensuring a reduction in variables which might skew the research. Better science is the end result.

The \$1,500,000 would be used as follows: staff salary and benefits (\$1,073,000), exhibitions conducted at major scientific conferences (\$53,600), preparation and conduct of educational workshops across the country (\$16,800), educational workshops conducted at the Center (\$4,100), printing and reproduction of paper and electronic material (\$29,200), training for the NAL staff (\$13,900), acquisition of, including electronic access to, data (\$38,000), internet services (\$20,400), office supplies including hardware and software (\$26,000) and the overhead that must be provided to the Agricultural Research Service and the National Agricultural Library (at least \$225,000).

The Center's mandate necessitates the collection and dissemination of material on humane housing and husbandry, the functions and responsibilities of Institutional Animal Care and Use Committees (IACUCs), animal behavior, improved methodologies, psychological well-being of primates and exercise for dogs. The AWIC has expanded to include the broader industry regulated under the Animal Welfare Act: animal dealers, carriers and handlers, zoos and other exhibitors. Other topics covered by the Center include animal diseases, animal models, animal training and environmental enrichment for all species. USDA Animal Care's veterinary medical officers and animal care inspectors are able to utilize the full range of services provided by the AWIC to better fulfill their responsibilities.

The AWIC is the single most important resource for helping research facility personnel meet their responsibilities under the Animal Welfare Act. There are more than 1,200 research facilities nationwide, and the services of the AWIC are available to all individuals at these institutions including the cage washers, animal technicians, research investigators, attending veterinarians, IACUC representatives including the nonaffiliated member, and the Institutional Official. The Office of Inspector General (OIG) audit titled "APHIS Animal Care Program Inspection and Enforcement Activities" cited an increase in apparent violations of the AWA by research facilities over the past few years. There appears to be a significant problem with the oversight provided IACUCs and training for IACUC members is encouraged. In response to this need, we are requesting funds to allow—for the first time—AWIC to conduct workshops at locations around the country rather than being limited to conducting them only from the Center's base in Maryland.

The AWIC website (<http://www.nal.usda.gov/awic>) received more than 27 million hits in fiscal year 2005 (one of the most accessed sites at the NAL). 300,000 documents were distributed via the web and more than 12,000 hard copies were distributed as well. Exhibitions and/or presentations were provided at the following venues: American Association for Laboratory Animal Science (AALAS) annual meeting, National Capital Area Branch AALAS, Tribbranch AALAS, Society of Neuro-

science, New Jersey Association for Biomedical Research, American Veterinary Medical Association, Combined Animal Science meeting, International Conference on Environmental Enrichment, American Association for the Advancement of Science and the 5th World Congress on the Use of Animals in the Life Sciences, Scientists Center for Animal Welfare meetings and the Public Responsibility in Medicine and Research annual meeting.

The AWIC works closely with both APHIS Animal Care and with Emergency Veterinary Services on emerging crises such as the highly pathogenic Avian Influenza. The Center is focused on transmissible spongiform encephalopathy, exotic Avian Newcastle disease, tuberculosis, West Nile Virus and micro-bacterial diseases too.

A proposal was made to create a "Center for Excellence" within Animal Care, but we oppose this effort as an enormous misuse of funds. There is no need to pay for a site and hire new staff because much of the work proposed for such a Center for Excellence is already covered effectively and efficiently by the AWIC. We would, however, support further expansion of the AWIC at its current location within the National Agricultural Library. The AWIC has a record spanning nearly two decades that demonstrates its abilities to serve.

\$19.143 Million for APHIS/Animal Care's Enforcement of the Animal Welfare Act

The Animal Welfare Act (AWA) 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 nearly 13,000 sites of dealers, research, testing and teaching facilities, zoos, aquariums, circuses, carriers (airlines, motor freight lines and other shipping businesses) and handlers (ground freight handlers). There are a mere 101 Veterinary Medical Officers (VMOs) and Animal Care Inspectors (ACIs) conducting searches, pre-licensing inspections and enforcement inspections across the country.

In fiscal year 2005, 575 cases were brought regarding violations of the AWA and more than \$1.1 million dollars was received in fines and stipulations. These enforcement actions help ensure the protection of both animals and people as evidenced by the OIG Audit released this fall.

We support the President's request for \$19.143 million for enforcement of the AWA. We hope the additional funds will permit USDA to hire 15 additional inspectors and to conduct a national meeting (with all inspectors in attendance). There were insufficient funds for USDA to conduct a workshop this fiscal year, and a national meeting must be held next year; it is vital as it provides proper training of inspectors and ensures a high and equal standard of enforcement is being implemented by the field inspectors nationwide. The cost for a national meeting is expected to be \$150,000.

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. Sound enforcement by USDA has reduced the number of random source dealers in live dogs and cats to 10. More than half of these are currently under investigation by USDA for their failure to comply with the law. A recent Home Box Office documentary film, *Dealing Dogs*, highlighted the problems that plague this cottage industry. The committee could save Animal Care significant resources and aggravation if it brought an end to this illicit trade by including report language prohibiting the sale of dogs and cats to research by random source dealers. Animals needed for research purposes can be obtained from other sources including licensed breeders. This would ensure integrity in the supply of dogs and cats for research purposes.

\$750,000 for APHIS/Animal Care's Enforcement of the Horse Protection Act

More than thirty 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 method of reducing the showing of horses who have been sored is to have Animal Care (AC) inspectors present at the shows. Oftentimes, as soon as an AC inspector arrives at a show, there is a rush to put horses back into trailers and haul them away. If the likelihood that an AC inspector will show up increases significantly, this will have a huge deterrent effect on those who routinely sore their horses.

AC was only able to attend 32 events in fiscal year 2004 out of a total of approximately 865 shows. \$750,000 (\$500,000 plus a \$250,000 add-on) must be provided to enable AC to attend even a modest number of events.

Unfortunately, the amount of penalties assessed for violations of the law have dropped to a negligible amount. In addition to increasing the presence of inspectors, USDA must increase the penalties which are assessed or 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 2001 (the most recent year for which such information is available from USDA); the average rate at which DQPs identified violations for soring was 3.4 per 1,000 horses inspected. The rate of violations reported when government inspectors were present to oversee the activities of the DQPs was more than 5 times higher—19 per 1,000 horses inspected.

We have few current figures on enforcement, however, we recently learned from USDA that in 2005 of the samples taken by a gas chromatography machine (used to test for use of illegal substances to sore horses) at the Kentucky Celebration horse show, 100 percent indicated the presence of diesel fuel or another similar fuel plus numbing agents. Clearly the law is not being taken seriously by the industry.

An appropriation of at least \$750,000 is essential to permit AC to maintain a modest level of compliance with the Horse Protection Act by trained AC professionals.

Strengthened Enforcement of Humane Slaughter Act by FSIS

When President Eisenhower signed the Humane Slaughter Act (HSA) into law he noted that if he went by his mail he would think Americans were interested in no other issue. The concern about HSA enforcement continues today and is as broad now as it was then. Over the past few years the Congress has generously provided additional appropriations to the Food Safety and Inspection Service (FSIS) to improve enforcement of the Humane Slaughter Act, however, problems persist. A big part of the problem is that the vast majority of animals currently slaughtered at the approximately 900 federally inspected plants are not observed by FSIS until after they are already dead.

In addition, FSIS inspectors are discouraged from enforcing the law. Inspectors are supposed to be able to stop the slaughter line if violations are seen. However, stopping the line will markedly reduce the plant's financial profits, thus there is intense pressure for the inspector not to take action. The situation at plants appears to be cozy for people, meanwhile the animals are suffering. For example, the Office of the Inspector General conducted an investigation of a large plant in Iowa, issuing a report on April 25, 2005, which concluded that: "employees of AGRI had engaged in acts of inhumane slaughter. It was also determined that FSIS employees observed the acts of inhumane slaughter and did nothing to stop the practice. Additionally, the investigation revealed that FSIS inspectors accepted meat products from AGRI employees and that FSIS employees engaged in other acts of misconduct."

FSIS has attempted a variety of machinations in an effort to dupe Congress into believing that enforcement efforts have increased dramatically. This is mere window dressing, and inspectors who are in the plants have confirmed that little has changed—and abuses are rife. The situation at Agriprocessors, described above is but one example (http://awionline.org/pubs/Quarterly/05_54_1/541p7a.htm). Because of this, we vehemently oppose increased resources for FSIS. The agency hasn't demonstrated its resolve to strongly enforce the law.

Bill language should direct FSIS to hire no fewer than 50 individual inspectors (as opposed to FTE's) to serve as permanent fixtures in each of the largest slaughter plants to observe the handling, stunning and slaughter of animals for compliance with the law. When inspectors are not present, line speeds are increased and the operations are conducted in a completely different (and horrific) manner. A full-time presence is the only way to ensure compliance. FSIS should report the results of this effort to the Committee and evaluate the effectiveness of having full-time (not full time equivalent) enforcement of the humane slaughter requirements following a year of diligence. All inspectors who engage in HSA enforcement must receive adequate training about the law and, more importantly, must receive a strict mandate from the Secretary of Agriculture to take strong, immediate action against any violators of the HSA. This would be a modest step toward protecting the millions of animals who are killed for food from unnecessary suffering.

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. As improved tools are developed through research, operations must make use of this data and shift methods accordingly.

WS needs to phase out of use of steel jaw leghold traps. WS' own research demonstrates the archaic nature of certain leghold traps; these should be prohibited immediately. 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, the World Veterinary Association and the National Animal Control 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 E.U. 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 United States 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.

Thank you very much for the opportunity to submit testimony. We would be happy to provide any additional information that might be of interest.

PREPARED STATEMENT OF THE SOCIETY FOR WOMEN'S HEALTH RESEARCH AND
WOMEN'S HEALTH RESEARCH COALITION

On the behalf of the Society for Women's Health Research and the Women's Health Research Coalition, we are pleased to submit testimony in support of increased funding for biomedical research, and more specifically women's health research.

The Society is the only national non-profit women's health organization whose mission is to improve the health of women through research, education, and advocacy. Founded in 1990, the Society brought to national attention the need for the appropriate inclusion of women in major medical research studies and the need for more information about conditions affecting women disproportionately, predominately, or differently than men.

The Coalition was created by the Society in 1999 to give a voice to scientists and researchers from across the country who are concerned and committed to improving women's health research. The Coalition now has more than 620 members, including leaders within the scientific community and medical researchers from many of the country's leading universities and medical centers, directors from various Centers of Excellence on Women's Health.

The Society and the Coalition are committed to advancing the health status of women through the discovery of new and useful scientific knowledge. We believe that sustained funding for the women's health research programs that are conducted and supported across the Federal research agencies is necessary if we are to accommodate the health needs of the population and advance the Nation's research capability. Therefore, we urge your support for the Food and Drug Administration's (FDA) Office of Women's Health and request funding of \$5 million in order that it may meet its program goals.

FOOD AND DRUG ADMINISTRATION OFFICE OF WOMEN'S HEALTH

The Office of Women's Health (OWH) role at FDA is critical to women's health, both within and outside the agency and to research into sex and gender-differences, areas in which the Society long has been a proponent. The office aims to provide scientific and policy expertise on gender sensitive regulatory and oversight issues; to correct gender disparities in the areas for which the FDA is responsible—drugs, devices, and biologics and to monitor women's health priorities, providing leadership and an integrated approach across the agency. The OWH accomplishes its admirable work, despite inadequate budgets that prevent it from fully accomplishing its mission.

Since its inception, OWH has funded high quality scientific research to serve as the foundation for agency activities that improve women's health. To date, OWH has distributed \$12 million in funding for over 100 research projects. OWH has recently funded research to fully understand heart disease in women. Despite being the number one killer, women with heart disease face misdiagnosis, delayed diagnosis, under-treatment, and mistreatment due to the under-representation in heart-related research studies. Extramural research funded by OWH is looking into the use of coronary stents in women and problems with breast interference in interpreting heart catheterization studies.

We would encourage OWH to expand its research focus to further address the discrepancies in heart disease treatment for women. The Society in conjunction with WomenHeart: the National Coalition for Women with Heart Disease compiled a list of ten questions that must be answered if women are to receive optimal cardiovascular care and treatment. The ten unanswered research questions are:

- Why do women receive significantly fewer referrals for advanced diagnostic testing and treatments for heart disease than men, and how can the referral rate for women be increased?
- What are the best tools and methods for assessing women's risk of heart disease?
- What are the best strategies for preventing heart disease in women?
- What treatments for heart disease work best for women?
- What are the most effective methods and treatments for diastolic heart failure, which is the most common form of congestive heart failure in women?
- How can the heart disease diagnosis and care disparities between white women and women of color be eliminated?
- What are the biological differences between men and women in the location, type, and heart disease risk level associated with fat deposits, and what determines these differences?
- How do sex differences in the regulation of heart rhythm affect risk of heart disease and response to treatment?
- What is the role of inflammation in heart disease in women?
- Why are women ages 50 and younger more likely to die following a heart attack than men of the same age?

As part of its educational outreach efforts to consumers, OWH worked closely with women's advocacy and health professional organizations to address some of the confusing issues related to the findings of the Women's Health Initiative Study. As a result of this OWH initiative, an informational fact sheet about menopause and hormones and a purse-size questionnaire for women to review with their doctor were distributed to national and local print, radio, and Internet advertisements. The FDA website received over 3 million hits to download campaign materials.

In 2001, the Society submitted testimony on behalf of the OWH and in support of a centralized database at the FDA to coordinate clinical trial oversight, monitor the inclusion of women in clinical trials, oversee the parameters of informed consent, and identify training needs for all scientific agency staff who analyze human clinical trials. Due to Society efforts and this Committee's commitment, in 2002 Congress provided the OWH at the FDA with funds to develop an agency-wide database focused on women's health activities to include demographic data on clinical trials. The FDA has been developing this database now known as the "Demographic Information and Data Repository" to review clinical studies, enhance product labeling, identify knowledge gaps, and coordinate data collection.

While progress has been made, the database is far from up and running. Currently, the FDA receives large volumes of information in applications from drug manufacturers for review and evaluation. The FDA reviewers must comb through the submitted drug trial reports and digital data in as many as twelve formats in order to evaluate a new drug's safety and effectiveness. With no uniform system or database, reviewers must handpick gender, age, and ethnicity information from stacks of reports and craft their own data comparisons. This is time consuming,

makes the review process less efficient, and delays access to important information. Scientific and medical advances are occurring rapidly and the public needs and deserves access to the most recent and accurate information regarding their health. Therefore, in order to fully capitalize on the potential of the data warehouse and the resulting wealth of information, we urge Congress to commit \$1 million for the Demographic Information and Data Repository.

Scientists have long known of the anatomical differences between men and women, but only within the past decade have they begun to uncover significant biological and physiological differences. Sex differences have been found everywhere from the composition of bone matter and the experience of pain to the metabolism of certain drugs and the rate of neurotransmitter synthesis in the brain. Sex-based biology, the study of biological and physiological differences between men and women, has revolutionized the way that the scientific community views the sexes, with even more information forthcoming as a result of the recent sequencing of the human X chromosome. The evidence is overwhelming, and as researchers continue to find more and complex biological differences, they are gaining a greater understanding of the biological and physiological composition of both sexes.

The Society has long recognized that the inclusion of women in study populations by itself was insufficient to address the inequities in our knowledge of human biology and medicine, and that only by the careful study of sex differences at all levels, from genes to behavior, would science achieve the goal of optimal health care for both men and women.

The differences between men and women are important in disease susceptibility, prevalence, time of onset and severity and are evident in cancer, obesity, coronary heart disease, autoimmune, mental health disorders, and other illnesses. Physiological and hormonal fluctuations may also play a role in the rate of drug metabolism and effectiveness of response in females and males. This research must be both encouraged and supported.

In addition, the Society encourages the establishment of drug-labeling requirements that ensure labels include language about differences experienced by women and men. Furthermore, we advocate for research on the comparative effectiveness of drugs with specific emphasis on data analysis by sex. When available, this information should also be specified on drug labels.

Our country's drug development process has succeeded in providing new and improved medications to ensure the health of both women and men. However, there is no mandated requirement that the data acquired during research of a new drug's safety and efficacy be analyzed as a function of sex, to evaluate potentially important differences in females versus males. Similarly, there are no requirements that information regarding the action of drugs in various populations (e.g., women requiring a lower dosage because of different rates of absorption or chemical breakdown) be included in prescription drug labeling or other patient educational and instructional materials. In order for patients to be an informed participant in their own care, they should have access to all available pertinent information.

Proper drug labeling may not always provide the complete solution. If the drug is not one newly approved or if sex-specific information is detected only in post-marketing studies, the drug label will not convey the sex-specific information discovered to the prescribing physician, and it may be difficult to get such new information incorporated into physicians' prescribing habits.

The Society believes the opportunity is now before us to communicate the sex differences data discovered from clinical trials to the medical community and to consumers through drug labeling and packaging inserts, and other forms of alerts. As part of advancing the analysis and reporting of sex-based effects, the Society encourages the FDA to continue addressing the need for accurate drug labeling to identify important sex and gender differences, as well as to ensure that appropriate data analysis of post-market surveillance reporting for these differences is placed in the hands of physicians and ultimately the patient.

To ensure adequate analysis and recording of sex and gender disparities in drugs, devices and biologics, and to provide for appropriate regulatory policy and accurate drug labeling, we believe that the OWH at the FDA should be funded at a total of \$5 million so that this Office can create, implement, and coordinate gender sensitive programs vital to women and men throughout the Nation.

In conclusion, Mr. Chairman, we thank you and this Committee for its strong record of support for women's health. We look forward to continuing to work with you to build a healthier future for all Americans.

PREPARED STATEMENT OF THE SOCIETY OF AMERICAN FORESTERS, NATIONAL ASSOCIATION OF STATE FORESTERS, THE NATURE CONSERVANCY, AND NATIONAL ASSOCIATION OF STATE DEPARTMENTS OF AGRICULTURE

Dear Mr. Chairman/Ranking Member: The Society of American Foresters, National Association of State Foresters, The Nature Conservancy, and the National Association of State Departments of Agriculture urge the Subcommittee on Agriculture, Rural Development, and Related Agencies to increase funding substantially for the USDA Animal and Plant Health Inspection Service (APHIS) Emerging Plant Pests program. A sharp increase in funding is necessary in order to ensure adequate funding for eradication and control efforts targeting the emerald ash borer, Asian longhorned beetle, and sudden oak death. All three introduced organisms threaten forest and amenity trees and related economic activities worth hundreds of billions of dollars.

This statement of common goals supplements individual letters to the Subcommittee submitted by several of these organizations. These individual letters address additional issues which we do not include here.

We seek an appropriation of \$55 million for fiscal year 2007 to contain the emerald ash borer. The emerald ash borer threatens twelve species of ash across the continent, especially in the upper Midwest and Southeast. At risk are the \$25 billion ash timber industry in the Northeast and street trees across the Nation valued at \$20 to \$60 billion. The emerald ash borer outbreak is large, but the core of the infestation remains in the lower peninsula of Michigan—where it is largely contained by the Great Lakes. It is absolutely essential that APHIS receive adequate funding in fiscal year 2007 to enable affected states to eradicate the limited and isolated outbreaks found in Ohio, Indiana, and Michigan's Upper Peninsula. It is also crucial that APHIS and its partners carry forward detection surveys and regulatory and educational programs aimed at preventing movement of infested firewood, nursery stock, and other materials that spread the insect. Once the outlying outbreaks are eradicated, officials can begin efforts to quash the core outbreak in Michigan.

We seek an appropriation of \$30 million for fiscal year 2007 to carry forward eradication of the sole remaining populations of the Asian longhorned beetle. The Asian longhorned beetle poses an alarming threat to hardwood forests reaching from New England into Minnesota and in the West, and to the hardwood timber, maple syrup, and autumn foliage tourism industries dependent on these forests. Also at risk are street trees across the Nation valued at \$600 billion. Eradication has been successful in Chicago, proving the efficacy of this approach. Beetle populations in New Jersey are well on track for eradication. Only the populations in New York persist—and that is because funding for the New York effort has been reduced in past years to focus the inadequate overall resources on Illinois and New Jersey. It is essential to provide sufficient funding now and in coming years to complete eradication in New York.

We seek \$9 million in appropriations for fiscal year 2007 to contain a third damaging forest pest, sudden oak death (also called the phytophthora leaf and stem blight). If sudden oak death does escape confinement, it threatens oaks in forests in Oregon and Washington as well as throughout the Appalachians, Ozarks, and even into southern New England. This disease is also a major threat to the Nation's nursery industry as it readily attacks species such as rhododendron and other species used in the garden nursery business. Spread of sudden oak death is thus of enormous consequence to both native forests and the garden nursery business. In its impact on the oak species, it has the potential to devastate critical forage for many wildlife species as well.

Additional forest pests introduced into the United States and recently identified are currently being reviewed by scientific experts convened by APHIS and the USDA Forest Service. The most prominent example is the Sirex wood wasp, now present in New York, which threatens valuable pine timber resources, including those of the Southeast and eastern United States. The scientists' conclusions regarding the wood wasp and other species might result in additional funding needs.

The Society of American Foresters, National Association of State Foresters, The Nature Conservancy, and the National Association of State Departments of Agriculture strongly support the Congress' numerous statements urging the Administration to release emergency funds from the Commodity Credit Corporation sufficient to enable full implementation of management plans for the exotic threats to our forest resources.

Action now at the funding level requested would help ensure that these forest pests do not reach populations so large as to threaten forest, amenity trees, garden nursery stock, and related economic activities worth hundreds of billions of dollars.

PREPARED STATEMENT THE WYOMING STATE ENGINEER'S OFFICE

Dear Chairman Bennett and Ranking Member Kohl: This letter is sent in support of the designation of 2.5 percent of the fiscal year 2007 Environmental Quality Incentive Program (EQIP) funding for the Department of Agriculture's Colorado River Salinity Control (CRSC) Program. Pursuant to Public Law 104-127, the USDA's CRSC Program is a component program within EQIP. Wyoming views the inclusion of the CRSC Program in EQIP as a direct recognition on the part of Congress of the Federal commitment to maintenance of the water quality standards for salinity in the Colorado River—and that the Secretary of Agriculture has a vital role in meeting that commitment.

The State of Wyoming is a member State of the seven-State Colorado River Basin Salinity Control Forum. Established in 1973 to coordinate with the Federal Government on the maintenance of the basin-wide Water Quality Standards for Salinity in the Colorado River System, the Forum is composed of gubernatorial representatives and serves as a liaison between the seven States and the Secretaries of the Interior and Agriculture and the Administrator of the Environmental Protection Agency. The Forum advises the Federal agencies on the progress of efforts to control the salinity of the Colorado River and annually makes funding recommendations, including the amount believed necessary to be expended by the USDA for its on-farm CRSC Program. Overall, the combined efforts of the Basin States, the Bureau of Reclamation and the Department of Agriculture have resulted in one of the nation's most successful non-point source control programs.

The Colorado River provides municipal and industrial water for 27 million people and irrigation water to nearly 4 million acres of land in the United States. The River is also the water source for some 2.3 million people and 500,000 acres in Mexico. Limitations on users' abilities to make the greatest use of that water supply due to the River's high concentration of total dissolved solids (hereafter referred to as the salinity of the water) are a major concern in both the United States and Mexico. Salinity in the water source especially affects agricultural, municipal, and industrial water users. While economic detriments and damages in Mexico are unquantified, the Bureau of Reclamation presently estimates salinity-related damages in the United States to amount to \$330 million per year. The River's high salt content is in almost equal part due to naturally occurring geologic features that include subsurface salt formations and discharging saline springs; and the resultant concentrating effects of our users' man's storage, use and reuse of the waters of the River system. Over-application of irrigation water by agriculture is a large contributor of salt to the Colorado River as irrigation water moves below the crop root zone, seeps through saline soils and then returns to the river system.

In close cooperation with the EPA and pursuant to 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 elements necessary to keep the salinity concentrations (measured at Total Dissolved Solids—TDS) at or below the levels measured in the river system in 1972 at Imperial Dam, and below Parker and Hoover Dams. In setting water quality standards for the Colorado River system, the salinity concentrations at these three locations have been identified as the numeric criteria. The plan necessary for controlling salinity and reducing downstream damages has been captioned the "Plan of Implementation." The 2005 Review of water quality standards 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 from the USDA, the Forum has determined that implementation of the Program needs to be accelerated. The level of appropriation requested in this testimony is in keeping with the agreed upon plan.

The Department of Agriculture's CRSC Program is an important proven and cost-effective tool in improving irrigation water application and thus reducing salt loading into the Colorado River system. For the past 22 years, the seven-State Colorado River Basin Salinity Control Forum has actively assisted the U.S. Department of Agriculture in implementing its unique, collaborative and important program. With the enactment of the Federal Agriculture Improvement and Reform Act of 1996 (FAIRA), the Congress directed that the 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 Program within the EQIP. At its recent October 2006 meeting, the Forum recommended that the USDA CRSC Program should expend 2.5 percent of the Environmental Quality Incentive Program funding. In the Forum's judgment, this amount of funding is necessary to implement the needed program. "Catch-up" funding in the future will require expending greater sums of money, increase the likelihood that the numeric salinity

criteria are exceeded, and create undue burdens and difficulties for one of the most successful Federal/State cooperative non-point source pollution control programs in the United States. The Colorado River Basin Salinity Control Advisory Council has taken the position that the funding for the salinity control program should not be below \$20 million per year. Over the last 3 fiscal years, for the first time, funding almost reached the needed level. The amount of State and local cost-sharing that can be applied in each given fiscal year is driven by the amount of Federal appropriations and the EQIP allocation. In fiscal year 2006, the participating basin States will cost share with about \$8.3 million and local agriculture producers will add another \$7.5 million. Hence, it is anticipated that in fiscal year 2006 the State and local contributions will be 45 percent of the total program.

The State of Wyoming greatly appreciates the Subcommittee's support of the Colorado River Salinity Control Program in past years. We continue to believe this important basin-wide water quality improvement program merits support by your Subcommittee. We request that your Subcommittee direct the allocation of 2.5 percent of the Environmental Quality Incentives Program funding for the USDA's CRSC Program during fiscal year 2007. Thank you in advance for your consideration of this statement and its inclusion in the formal record for fiscal year 2007 appropriations.

PREPARED STATEMENT OF THE U.S. APPLE ASSOCIATION

The U.S. Apple Association (USApple) appreciates the opportunity to provide this testimony on behalf of our nation's apple industry.

Our testimony will focus on the following areas: the Market Access Program (MAP); funding for the Specialty Crop Competitiveness Act, Cooperative State Research, Extension and Education Service (CSREES) and Agricultural Research Service (ARS) funding, nutrition education and expansion of the fruit and vegetable snack program.

USApple is the national trade association representing all segments of the apple industry. Members include 36 State and regional apple associations representing the 7,500 apple growers throughout the country as well as more than 300 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)

USApple encourages Congress to appropriate \$200 million in MAP funds, the level authorized in the farm bill for fiscal 2007.

The apple industry receives over \$3 million annually in export development funds from the U.S. Department of Agriculture's (USDA) Market Access Program (MAP). These funds are matched by grower dollars to promote apples in more than 20 countries throughout the world. One-quarter of U.S. fresh apple production is exported, with an annual value of approximately \$370 million.

Strong MAP funding is critical to the U.S. apple industry's efforts to maintain and expand exports, and to increase grower profitability. Congress recognized the importance of MAP by authorizing increased funding in the 2002 farm bill. Over the past three years, congressional appropriations have kept pace with the farm bill's authorized level.

Food Quality Protection Act (FQPA) Implementation

USApple urges full funding for the following U.S. Department of Agriculture (USDA) administered programs to mitigate the negative impact of FQPA implementation on apple growers.

- \$16 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;
- \$2.0 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 IPM 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

USApple urges the Committee to support the apple industry's efforts to improve its competitiveness by providing increased Federal funding for the development and application of new technologies as outlined below.

Codling Moth and Other Lepidoptera Insect Research:

—\$800,000 Agricultural Research Service—Yakima, Washington

—\$800,000 Agricultural Research Service—Kearneysville, West Virginia

Colonial immigrants introduced the codling moth into the United States from Europe, and its presence in apple orchards has plagued apple growers for the past 200 years. If uncontrolled, codling moth larvae damage apples by burrowing into fruits. This pest causes significant production losses and ruins demand. Codling moth is presently controlled by pesticide applications or techniques that interfere with reproduction. However, these options are insufficient to fully meet industry standards for codling moth control. Shortcomings in current controls have even led to the closure of the apple industry's third largest export market. Other lepidoptera insects such as oriental fruit moth and leaf rollers are also significant pests of concern that decrease grower profitability.

The apple industry needs better decision-making techniques, improved understanding of secondary pests and the biology of pest predators, improved mating disruption techniques, rapid and efficient pest detection and instrumentation methods. Geographic differences in codling moth control capabilities requires a regional approach to research funding.

Rootstock Breeding and Soil Replant Disease Research:

—\$400,000 Agricultural Research Service—Geneva, New York

—\$400,000 Agricultural Research Service—Wenatchee, Washington

Rootstocks are important to apple growers because of their prominence in determining tree size, tree architecture and disease vulnerability. There is a growing interest and demand for hearty rootstocks that lend disease resistance and improved tree structures that are more efficient and profitable to manage.

Soil replant disease is a poorly understood phenomenon that reduces tree vigor and stunts tree growth in new orchards, which are planted on the site of a previously existing orchard. A combination of organisms such as bacteria, fungi, nematodes and viruses are suspected to play a role in attacking the roots of new apple trees, limiting their growth potential. This problem has surfaced as a high priority problem because of the scarcity of new orchard sites, the need to replant existing orchards, the high per acre cost of planting new orchards and shortage of good options to control replant disease. Soil replant disease is a problem for all tree fruits including apples, pears, peaches and cherries. Genetics and genomics approaches are expected to yield significant progress in addressing rootstock related research.

Research is needed to better understand site-specific drivers causing the disease and how the disease causes damage. Research is necessary to develop sustainable controls.

Fruit Quality Research:

—\$750,000 Agricultural Research Service—Albany, California

—\$750,000 Agricultural Research Service—Wenatchee, Washington

The future of the U.S. apple industry will depend on the ability of apple growers to consistently grow and market apples with superior quality. Improved fruit quality will not only ensure greater international competitiveness, but it will increase consumer demand for apples.

Research is needed on the physical, chemical and genetic composition of apples so apple growers can produce apples with superior consumer traits, such as texture, aroma, and nutrition and apples with superior production traits such as uniform ripening and better storage characteristics and systems to deliver better fruit quality to consumers through improved defect and quality sorting.

Automation, Sensors, and Precision Agriculture Research:

—\$4,000,000 Agricultural Research Service—Kearneysville, West Virginia

—\$2,000,000 Agricultural Research Service—East Lansing, Michigan

—\$2,000,000 Agricultural Research Service—Prosser, Washington

Improving labor productivity is a critically important goal for the apple industry as it strives to remain competitive with low-wage international competitors. Tree fruit industries must identify and incorporate new technologies that will minimize low skill tasks, enhance worker productivity and safety, reduce production and handling costs, decrease seasonality of labor, and maximize fruit quality delivered to consumers.

Additional research is needed for fruit postharvest technology research in a packing line environment to better evaluate internal fruit quality characteristics, such as internal defects, sugar content and fruit firmness. Improved sensor technology used on packing lines will be beneficial in detecting internal defects, lessen that amount of labor needed to detect and sort fruit and ensure that all packed fruit meets consumer demand for high quality fruit.

Successful technological innovations must be coupled with novel plant genetics, integrated orchard designs, biorational pest and predator management systems, and prescriptive plant bioregulators. A systems approach will also require the simultaneous development and deployment of remote and ground sensing capabilities for real-time assessment of micro-environmental variables; tree vigor and orchard canopies; pest, pathogen, and predator pressure; water stress, and fruit quality. This research would also be applicable to a host of tree fruits including cherries, peaches, almonds and apples and pears.

The need for investment in these new technologies has never been greater, but current Federal research to address this need is insufficient. Therefore, the tree fruit industry is requesting an increase in research funding to meet this great need.

Specialty Crops Competitiveness Act

USApple urges Congress to fund the block grants authorized under the Specialty Crop Competitiveness Act at the full \$44.5 million authorized under the Act.

The Specialty Crop Competitiveness Act (SCCA) was introduced in the 108th Congress by Reps. Cal Dooley (D-CA) and Doug Ose (R-CA) and in the Senate by Senators Craig (R-ID) and Stabenow (D-MI). The bill was designed to strengthen demand, reduce production costs, and enhance production and marketing efficiencies.

The majority of the funds authorized funds would go toward block grants, with each State department of agriculture being guaranteed a minimum of \$100,000. In fiscal year 2006 Congress appropriated \$7 million for the block grants. USDA's Agriculture Marketing Service is now in the process of drafting regulations to implement the program. There is a strong need to build on the \$7 million authorized for fiscal year 2006 and continue this important program.

USApple urges Congress to increase funding for the Technical Assistance for Specialty Crops (TASC) program to \$4 million as authorized under the Specialty Crop Competitiveness Act.

This program has been critical over the last 4 years in helping the apple industry address specific sanitary and phytosanitary (SPS) non-tariff trade barriers.

Fresh Fruit and Vegetable Snack Program

USApple urges Congress to include \$36 million in the USDA budget to expand the fruit and vegetable snack program to 25 schools in each of the 36 remaining States.

The 2002 farm bill established the Fruit and Vegetable Pilot Program to promote consumption of fruits and vegetables among school children by providing free produce to schools in 25 schools in each of four States (Iowa, Indiana, Michigan, Ohio and one Indian Tribal Organization in New Mexico). The Child Nutrition and WIC Reauthorization Act of 2004 made the pilot permanent and expanded it to 25 schools in Mississippi, three additional States (North Carolina, Pennsylvania and Washington were chosen by USDA) and two additional Indian Reservations. In fiscal year 2006, Congress expanded the program to an additional 6 States (Utah, Wisconsin, Texas, Idaho, New Mexico, and Connecticut). If Congress is unable to expand the program to the entire country, USApple urges that the program be expanded to include New York.

Reports from the original pilot showed that students were increasing their consumption of fruits and vegetables, choosing more fruits and vegetables for lunch, and asking their parents for fruits and vegetables at home. The fruit and vegetable snack program works to educate children about the healthy eating habits that will last a lifetime. The fruit and vegetable snack program should be expanded to 25 schools in every State.

REINSTATEMENT OF RECESSIONS

Temperate Fruit Fly Research Position—Yakima, Wash.

USApple 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 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 dev-

astating. 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 2007 rescinds this funding.

Post Harvest Quality Research Position—East Lansing, Mich.

USApple urges Congress to maintain funding of \$309,600 in the USDA ARS fiscal year 2007 budget for the postharvest quality research position in East Lansing, Mich.

The East Lansing, Mich., USDA ARS facility is conducting research critical to the future survival 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 2007 rescinds this funding.

Genomics, Disease Resistance and Insect Behavior—Kearneysville, W.V.

USApple urges Congress to maintain funding of \$588,900 in the USDA ARS 2007 budget for genomics, disease resistance and insect behavior research in Kearneysville, W.V.

This research provides critical information that assists with the development of new apple varieties, identification of disease pathways and strategies to control devastating insect pests. This research is important in developing solutions to problems that reduce fruit quality and increase production costs. Apple growers depend on this research for economic sustainability and increased international competitiveness.

Genetics of Fruit Quality Research—Wenatchee, Wash.

The Wenatchee, Wash., USDA Agricultural Research (ARS) lab is building a genetics and genomics research program that will develop a greater understanding of fruit quality attributes that are important to consumers, such as flavor, texture, storability and nutrition. This research will also provide a clearer understanding of where important genes are located within the apple genome and the role those genes play in the expression of desirable fruit quality attributes. This understanding will provide new tools that can be understood as a multiplier effect to propel existing research programs that will be able to utilize the genetics and genomics tools related to fruit quality and physiological issues.

USApple urges Congress to maintain baseline funding of \$450,000 in the USDA Agricultural Research Service's fiscal year 2007 budget for the genetics of fruit quality research position in Wenatchee, Wash. Laboratory.

PREPARED STATEMENT OF THE USA RICE FEDERATION

Dear Mr. Chairmen: This is to convey the rice industry's request for fiscal year 2007 funding for selected programs under the jurisdiction of your respective subcommittees. The USA Rice Federation appreciates your assistance in making this letter a part of the hearing record.

The USA Rice Federation is the national advocate for all segments of the rice industry, conducting activities to influence government programs, developing and initiating programs to increase worldwide demand for U.S. rice, and providing other services to increase profitability for all industry segments. USA Rice members are active in all major rice-producing States: Arkansas, California, Florida, Louisiana, Mississippi, Missouri, and Texas. The USA Rice Producers' Group, the USA Rice Council, the USA Rice Millers' Association, and the USA Rice Merchants' Association are members of the USA Rice Federation.

USA Rice understands the budget constraints the committee faces when developing the fiscal year 2007 appropriations bill. We appreciate your past support for initiatives that are critical to the rice industry and look forward to working with you to meet the continued needs of research, food aid and market development in the future.

A healthy U.S. rice industry is also dependent on the program benefits offered by the Farm Security and Rural Investment Act of 2002. Therefore, we oppose any attempts to modify the support levels provided by this vital legislation through more restrictive payment limitations or other means and encourage the committee to resist such efforts during the appropriations process.

A list of the programs the USA Rice Federation supports for appropriations in fiscal year 2007 are as follows:

Funding Priorities

Research and APHIS

The Dale Bumpers National Rice Research Center should receive continued funding at the fiscal year 2006 approved level. This center conducts research to help keep the U.S. rice industry competitive in the global marketplace by assuring high yields, superior grain quality, pest resistance, and stress tolerance. The fiscal year 2007 budget proposal from the U.S. Department of Agriculture proposes to rescind \$270,000 in funding for this key research center, which would severely hamper the vital research activities being conducted at this national center. We urge you to provide full funding to the Dale Bumpers National Rice Research Center.

In addition, we have attached information outlining the top priority research request from the USA Rice Federation; funding for aromatic rice variety research at the Dale Bumpers Center. The request is for \$250,000 for fiscal year 2007 for research to develop domestic, high-yielding, high-quality aromatic rice varieties for the U.S. rice industry. Further details and specifics of this request are attached.

Furthermore, we urge the subcommittee to continue to provide full funding for the USDA-ARS Rice Research Unit in Beaumont, Texas. The fiscal year 2007 budget proposal calls for cuts of \$1.4 million, which would likely result in the closure of this important rice research facility. We ask for your consideration in maintaining funds to keep this center in operation for the benefit of the U.S. rice industry.

The Western Regional Research Center, located in California, should receive continued full funding for operating funds. This center provides important research activities in support of the California rice industry, particularly post-harvest research. This facility has undergone recent modernization and upgrades and it is important to continue to provide the funds necessary to allow the center to continue full operations.

For APHIS-Wildlife Services, we encourage the committee to fund the Louisiana blackbird control project at \$333,000. This program annually saves rice farmers in Southwest Louisiana over \$4,000 per farm, or \$2.9 million total. No increases have been provided to the program since 1994 and inflation is reducing the overall impact. An increase from the \$150,000 baseline is justified.

Market Access

Exports are critical to the U.S. rice industry. Historically, 40–50 percent of annual U.S. rice production has been shipped overseas. Thus, building healthy export demand for U.S. rice is a high priority.

The Foreign Market Development Program (FMD) allows USA Rice to focus on importer, foodservice, and other non-retail promotion activities around the world. For fiscal year 2007, FMD should be fully funded at \$34.5 million, consistent with the President's Budget request.

The Market Access Program (MAP) allows USA Rice to concentrate on consumer promotion and other activities for market expansion around the world. For fiscal year 2007, MAP should be funded at \$200 million as authorized by the Farm Security and Rural Investment Act of 2002, which restores MAP funding to its authorized level. This is \$100 million above the President's budget request.

In addition, the Foreign Agricultural Service should be funded to the fullest degree possible to ensure adequate support for trade policy initiatives and oversight of export programs. These programs are critical for the economic health of the U.S. rice industry.

Food Aid

We encourage the committee to fund Public Law 480 Title I at a minimum level of \$100 million, an increase from fiscal year 2006 levels. This program is our top food-aid priority and we support continued funding in order to meet international demand. Food-aid sales historically account for a significant portion of U.S. rice exports.

For Public Law 480 Title II we support funding for fiscal year 2007 at \$1.335 billion, equal to the fiscal year 2006 level. We encourage the committee to fund Title II at a level to ensure consistent tonnage amounts for the rice industry. We oppose any shifting of funds, as all Title II funds have traditionally been contained within USDA's budget. We believe all food-aid funds should continue to be used for food-aid purchases of rice and other commodities from only U.S. origin.

USA Rice supports continued funding at fiscal year 2006 levels for Food for Progress. Funding for this program is important to improve food security for food deficit nations.

The Global Food for Education Initiative is a proven success and it is important to provide steady, reliable funding for multi-year programming. USA Rice supports the \$103 million request in the President's fiscal year 2007 budget for this education initiative because it efficiently delivers food to its targeted group, children, while also encouraging education, a primary stepping-stone for populations to improve economic conditions.

Other

Farm Service Agency.—We encourage the Committee to provide adequate funding so the agency can deliver essential programs and services. The Agency has been hard hit by staff reductions and our members fear a reduction in service if sufficient funds are not allocated.

Please feel free to contact us if you would like further information about the programs we have listed. Additional background information is available for all of the programs we have referenced, however, we understand the volume of requests the committee receives and have restricted our comments accordingly.

Thank you for your consideration of our recommendations.

Attachment:

FISCAL YEAR 2007 FUNDING REQUEST FORM

Agency.—U.S. Department of Agriculture

Account.—USDA/ARS: The Dale Bumpers National Rice Research Center, Stuttgart, AR

Project Name.—Research to develop domestic, high yield, high quality aromatic rice varieties at the USDA/ARS Dale Bumpers National Rice Research Center

Priority.—High.

New Project.—Yes.

Project Description.—Aromatic rice imports have grown dramatically in the United States in the past 15 years and now total about 450,000 MT per year or 15 percent of total consumption. The United States does not have an aromatic rice variety that has the yield, milling quality, and flavor to compete with the imported products. The research will enable the U.S. rice industry to compete effectively in a timely manner in the U.S. market with imported aromatic rice.

The Dale Bumpers National Rice Research Center conducts research in rice genetics, quality, and pests' resistance to help keep the U.S. rice industry competitive in the global marketplace. The Center directly serves the needs of the U.S. industry in Arkansas, California, Mississippi, Louisiana, Missouri, and Texas. One of its major emphases is the genetic improvement of rice through the use of cutting-edge genomic tools and a multidisciplinary research approach.

Aromatic rice has a flavor and aroma similar to roasted nuts or popcorn. This is a natural compound that is found in several plants like corn and rice but is present in much higher concentrations as a result of breeding and development of aromatic rice varieties.

What is the anticipated benefit and/or impact of the project?

Developing high-yielding domestic aromatic rice varieties with the grain quality traits needed is essential for the U.S. rice industry to compete in this market and meet domestic consumer demand. In addition, developing a new understanding of the various chemical compounds that result in aromatic flavors and smells, along with developing genetic markers that can be used by breeders to improve grain chemistry and grain appearance traits, will help the U.S. rice industry to have a competitive edge in this value-added market.

Previous Funding: Fiscal Year 2002–06 And Amount.—Zero.

Fiscal Year 2007 Request.—\$250,000; one full-time staff position for 1 year.

Fiscal Year 2007 Share.—Fiscal year 2007 funding is for 1 year of research, with development of a multi-year project pending the findings of the 2007 research.

Local Share.—Availability of matching funds is being explored at this time.

Request Description

ARS Account: Dale Bumpers National Rice Research Center, Stuttgart, AR

Dale Bumpers National Rice Research Center, Stuttgart, AR

Domestic Aromatic Rice Varieties Research

The Committee provides \$250,000 toward development of domestic aromatic rice varieties to enable the U.S. rice industry to compete effectively in a timely manner in the U.S. market.

PREPARED STATEMENT OF THE UNIVERSITY OF SOUTHERN MISSISSIPPI AND THE
MISSISSIPPI POLYMER INSTITUTE

Mr. Chairman, distinguished Members of the Subcommittee, I thank you for this opportunity to provide testimony describing ongoing research and commercializing efforts of The University of Southern Mississippi (USM) and the Mississippi Polymer Institute. I am very grateful to the Subcommittee for its leadership and the continued support of the Institute and its work. This testimony will include a summary of the Institute's research progress since my testimony of approximately 1 year ago.

Research efforts over the last year have focused on developing agricultural-based, environmentally responsible derivatives for use in coatings and composites to replace petroleum derivatives. Novel monomers for emulsion polymerization have eliminated the previously required complicated synthesis procedures while allowing higher levels of vegetable oil macromonomer (VOMM) incorporation. The resulting latex polymers facilitate the formulation of architectural coatings with gloss levels rivaling solvent-based coatings and zero volatile organic compound (VOC) content. Performance and storage stability optimization continues across a wide range of novel VOMMs. We are excited about the continued progress as we believe the agriculturally-derived monomers have the potential to improve performance while reducing environmental hazards.

Last year, we reported the successful production of lab-scale soy-based adhesive, formaldehyde-free particleboards that exceeded all commercial specifications. We have confirmed that the adhesive can be scaled up to 30 L batches that produce superior boards compared to the conventional formaldehyde-based boards. Moreover, the soy-based particleboards degrade faster than commercial particleboards as evidenced in soil burial tests. To the best of our knowledge, this is the only soy protein-based adhesive that can be formulated into particleboards without the use of formaldehyde-releasing resins that meets and exceeds commercial particleboard performance. Pilot plant testing confirmed laboratory performance. It defined the limits of conventional production and suggested areas requiring further research to prepare it for commercial manufacturing.

Through our continued research, the U.S. farmer is better positioned to grow and supply the sustainable raw materials required to produce environmentally responsible products and reduce our dependency on imported petroleum products. Coupled with the reduction in air pollution, a carbon neutral technology, and the absence of formaldehyde, our research is a valuable strategic component to America's long-term success and aid in maintaining a higher standard of living. To date, our technology has resulted in a total of 25 patents and patent applications, both United States and foreign. Additional patent applications will be submitted during the upcoming months. With adequate funding, facilities, and commitment, ag-based research will continue to the betterment of our society. We are most appreciative of your support and will continue to push for full commercialization of technological advances utilizing agricultural intermediates while training scientists for careers in the next generation of agriculturally-oriented polymer science.

The design and synthesis of novel vegetable oil macromonomers (VOMMs) using soy oil, linseed oil, and tung oil are being investigated. Continued research has increased the utility for new monomers at higher levels of incorporation. Tailored synthesis methods with the new monomers have increased the VOMM content in latexes to 80 percent of the monomers by weight, a 30 percent increase over last year (based on solids). The monomers that permit the polymer chain to form a smooth film also provide a mechanism for crosslinking through auto-oxidation. Successful incorporation of a variety of VOMM levels allows our research to advance to the optimization of unsaturation, comonomer ratios, and coating performance. Long-term storage stability and coatings performance continue to be investigated.

Surfmers or VOMMs that act as the stabilizing surfactant and a participating monomer in emulsions continue to be investigated. Neutralized soybean acrylated monomer (nSAM) functions well as a surfmer and performs similar to commercial surfactants with good polymerizability. Last year, we synthesized stable styrene emulsion copolymers containing 44 weight percent VOMM-based surfmers. This year, we have successfully synthesized 100 percent VOMM-based latexes that yielded high gloss films without added plasticizers or solvents, forming films at 0°C.

Solvent-free nail polishes and waterborne industrial coatings based on VOMMs were studied in comparison with commercial products. VOMM-based nail polishes provided high gloss levels and improved adhesion on plastic (ABS) and human nails. Research will continue to improve the water resistance. Industrial coatings formulated with VOMM-based latexes performed similar or superior to the control coatings when crosslinked with melamine or aziridine crosslinkers, respectively. VOMM-

based latexes formulated into paper coatings have exhibited performance properties similar to those of styrene-acrylic commercial controls. VOMM coating properties continue to be evaluated and optimized using various comonomer compositions.

Particleboard composites based solely upon soy protein adhesives were scaled from the 1–4 L range to 30 L and proved that board performance and storage stability are achievable. Additionally, the 30 L batch of adhesive produced quality composites after long-term storage. Our research produced particleboards that have met or exceeded each of the industry performance requirements as defined by ANSI standards for M1, M2, M3, and M-S grade boards. The two primary barriers to market entry/commercialization are solids content/viscosity and cost. This year, the practical adhesive solids content was increased from 20 weight percent to 29 weight percent. Commercial formaldehyde-based resins are supplied at 65 percent or greater in solids content. The low solids content of our adhesive necessitates removal of large quantities of water during the commercial manufacturing process which is influenced by various factors such as temperature, time, and platen type and size. Current research efforts are focused on improving the solids content/viscosity balance through understanding the protein interactions in water that generate a viscous solution. Soy protein isolate (SPI) is a high purity protein (90 percent) and therefore is more expensive than other forms of soy protein such as defatted soy flour (DSF) at 53 percent protein content. Particleboards manufactured with DSF as the sole replacement for SPI exceeded MS and M1 specifications, but did not meet M2 and M3 performance requirements. Since SPI-based particleboards exceed the commercial performance requirements of formaldehyde-based particleboards in that it delivers superior moisture resistance and improved structural integrity even after 24 hours of water immersion, we believe the environmentally responsible and sustainable goals warrant further research. In addition to the performance attributes, SPI-based particleboards degrade more rapidly than commercial particleboards during soil burial tests.

The Mississippi Polymer Institute is charged with promoting and supporting Mississippi's polymer industry by providing workforce development, technical service, product development, and assistance with economic development activities. In the area of workforce development, the Institute provides industry training in injection molding, extrusion, blow molding, and lean manufacturing. In 2004–2005, MPI trained 192 employees and in 2005–2006 MPI provided training for an additional 152 employees. The Institute has implemented polymer technology programs in high schools throughout the State of Mississippi. Currently, MPI supports four high school polymer technology programs in Petal, Moss Point, Columbia, and Corinth. There are 74 students enrolled in these programs. Implementing similar programs throughout the State will build a skilled workforce in polymer science for Mississippi.

The faculty, the University, and the State of Mississippi are strongly supportive of the Mississippi Polymer Institute and its close ties with industry. Most faculty maintain at least one industrial contract as an important part of extramural research efforts. Polymers which include fibers, plastics, composites, coatings, adhesives, inks, and elastomers play a key role in the materials industry. They are ubiquitous in industrialized societies and across all industries including textiles, aerospace, transportation, energy, packaging, architecture and construction, medicine, sports and sporting goods, composites, and defense related materials. Critical for many of the technologies is a combination of controlled performance, weight reduction, and high strength performance. Unfortunately, our strategic position resembles the natural rubber supply situation during WWII which was controlled by potentially unreliable sources affecting our Nation's security.

Our agriculturally focused research continues to create innovative natural product derivatives across several technology platforms targeting commercialization in coatings, adhesives, composites, and polymers in general. America is presently at a critical point in history as our standard of living is tied directly to technological advancements and innovation demanding high energy usage and the need for scientists and engineers. Since petroleum reserves are being depleted at an accelerating rate and other countries are competing on price and innovation, timing is critical. Our youth are no longer choosing careers in science and engineering which will cause us to lose our competitive edge, and in turn, affect the standard of living within the next decade. Our greatest achievements can be accomplished through the development of high performance materials based upon carbon neutral sustainable raw material resources. Almost every technological development over the past decade was dependent upon polymeric materials. Since the polymer industry is the largest single consumer of petroleum chemical intermediates in the world, our reality is clear in that we must develop agriculture as the industry of the future. Fortunately, many scientists are beginning to harness agricultural feedstocks and nat-

ural products. For example, a scientific literature search using the term biomimetic (defined as copying nature's methods or designs) revealed only 125 peer reviewed publications and patents in 1990, whereas over 1,100 publications and patents in 2005, followed nature's lead for energy-related products, coatings protection, composites, adhesives, environmentally friendly antibacterial/antimicrobial agents, and improved medicines. A similar search using the word polymer provides over 70,000 publications and patents for 2005. Our research and commercialization efforts encompass many important facets including training scientists that will continue to innovate and develop technology that is critical for the maintenance of our quality of life and national stability. We, as a Nation, can improve our environment, reduce our dependence on imported petroleum, keep America's farmlands in production, and continue to be the World's technology leader. Your support is necessary to continue our research efforts to accomplish the goals set forth.

As a polymer scientist, I am intrigued by the vast opportunities offered by American agriculture. As a professor, however, I continue to be disappointed that few of our science and business students receive training in the polymer-agricultural discipline despite its enormous potential. The School of Polymers and High Performance Materials and the Mississippi Polymer Institute at USM are attempting to make a difference by showing others what can be accomplished if appropriate time, energy, and resources are devoted to the understanding of ag-based products. I became involved in the polymer field more than 40 years ago, and have watched its evolution where almost each new product offered the opportunity for many more. Although polymer science as a discipline has experienced expansion and a degree of public acceptance, alternative agricultural materials in the polymer industry continue to be an underutilized national treasure. Today, society displays less acceptance of petroleum-derived materials than ever before, and consequently, the timing is ideal for agricultural materials to make significant inroads as environmentally responsible, biodegradable, and renewable feedstocks. Agricultural materials have always been available for our use, and the scientific community often grasps the real potential for renewable materials, unfortunately, society continues to ignore their potential.

U.S. agriculture has made the transition from the fields to the kitchen tables, but America's industrial community continues to be frightfully slow in adopting ag-based industrial materials. The prior sentence was included in several of my previous testimonies and rings true again. We are making progress and must continue to aggressively pursue these opportunities and in doing so:

- Intensify U.S. efforts to commercialize alternative crops and dramatically reduce atmospheric VOC emissions and odor. The result will be much cleaner and less noxious air for all Americans.
- Reduce U.S. reliance on imported petroleum.
- Maintain a healthy and prosperous farm economy with unlimited sustainability.
- Foster new cooperative opportunities between American farmers and American industry.
- Create advanced polymer technology-based manufacturing jobs that can not be easily exported to other countries.

Mr. Chairman, your leadership and support are deeply appreciated by the entire USM community. While I can greatly appreciate the financial restraints facing your Subcommittee, I feel confident that further support of the Mississippi Polymer Institute will continue to pay dividends of increasing commercialization opportunities of agricultural materials in the American industry and training scientists required for America's continued prosperity. Advances in polymer research are crucial to food, energy, transportation, housing, medical, and defense industries. Our work has clearly established the value of ag-products as industrial raw materials, and we must move it from the laboratories to the industrial manufacturing sector. Only then can the United States enjoy the cleaner and safer environment that these technologies offer, as well as new jobs, and expanded opportunities for the U.S. farmer and scientists. We are most grateful for the support you have provided in the past. The funding you have provided has supported fundamental research as well as pilot commercial manufacturing and testing. However, additional funds are needed to further advance these technologies.

Since our testimony last year, we have continued to research, understand, and develop, agricultural-based materials for commercialization. We are in need of additional and consistent resources to advance these infant technologies to the market place, and to continue our research and development of other exciting technologies. We therefore respectfully request \$2 million in federal funding to more fully exploit the potential of commercializing the technologies described herein. We have shown that we can be successful, yet we need additional resources in order to ultimately

utilize the potential of this technology. Next year's research and commercialization plan is aggressive, knowing that our Nation requires technology to survive and that our efforts will be recognized as instrumental in developing a "process" for the commercialization of new ag-based products. The development of this process, and to show it is successful, is extremely important to all entrepreneurs who believe in and support ag-based products. Thank you, Mr. Chairman and Members of the Subcommittee, for your support and consideration.

PREPARED STATEMENT OF THE UPPER MISSISSIPPI RIVER BASIN ASSOCIATION

The Upper Mississippi River Basin Association (UMRBA) is the organization created in 1981 by the Governors of Illinois, Iowa, Minnesota, Missouri, and Wisconsin to serve as a forum for coordinating the five States' river-related programs and policies and for collaborating with Federal agencies on regional water resource issues. As such, the UMRBA has an interest in the budget for the U.S. Department of Agriculture's conservation programs and technical assistance.

Of particular importance to the UMRBA is funding for the Conservation Reserve Program (CRP), Wetlands Reserve Program (WRP), Environmental Quality Incentives Program (EQIP), and Conservation Security Program (CSP). Taken together, these four Commodity Credit Corporation-funded programs provide an invaluable means for the USDA to work with landowners, local conservation districts, and the states to maintain agricultural productivity while protecting the Nation's soil and water resources. Moreover, they do this in a voluntary, non-regulatory fashion. CRP, WRP, EQIP, and CSP will be key non-regulatory elements in the States' efforts to address agricultural sources of water quality impairment through the Total Maximum Daily Load program. Successful application of conservation programs to this region's water quality problems will also help address the growing national concern with hypoxia in the Gulf of Mexico, which has been linked to nutrient loads from agriculture and other sources. As stewards of some of the Nation's most productive agricultural lands and important water resources, the five States of the Upper Mississippi River Basin believe these programs are vital.

Conservation Reserve Program

The UMRBA supports President Bush's fiscal year 2007 budget request of \$2.09 billion for the Conservation Reserve Program, a 5 percent increase over fiscal year 2006. This increase is testament to the strong landowner interest and high environmental benefits resulting from enrollment of fragile cropland acres in CRP. Through CRP, farmers and ranchers can voluntarily establish long term conservation practices, such as filter strips and riparian buffers, on highly erodible and environmentally sensitive cropland.

In the UMRBA States (Illinois, Iowa, Minnesota, Missouri, and Wisconsin), total CRP enrollment is currently 7.0 million acres, or approximately 19 percent of the national CRP acreage. Yet the five States' CRP enrollment represents 41 percent of the total number of CRP contracts, 40 percent of the total number of farms enrolled nationwide in the CRP, and 32 percent of the total annual CRP rental payments.

In 2007, nearly 39,000 CRP contracts in the five UMRBA States will expire, representing 29 percent of the CRP acres currently enrolled in these States. To determine which expiring contracts will be eligible for re-enrollment, USDA used an Environmental Benefits Index. As a result, 99.7 percent of the contracts expiring in 2007 in the five States will be offered re-enrollment.

All five UMRBA States also have active Conservation Reserve Enhancement Programs tailored to meet their priority conservation needs. Current CREP enrollment in the five States is nearly 243,000 acres, or 31 percent of the national total. These rates of participation clearly demonstrate the importance of the CRP and CREP in the Nation's agricultural heartland and reflect the compatibility of these programs with agricultural productivity.

Wetlands Reserve Program

The President's fiscal year 2007 budget proposes \$403 million for the Wetlands Reserve Program, an increase of 60 percent over fiscal year 2006 funding. UMRBA applauds this substantial increase and urges Congress to provide sufficient funding to meet WRP's 2007 enrollment goal of 250,000 acres, which is 100,000 acres more than the 2006 estimate.

Since the WRP was established in 1996, its easements have proven to be important tools for restoring and protecting wetlands in agricultural areas. This is clearly evident from the overwhelming landowner response and the resulting improvements to water quality and habitat. Through fiscal year 2004, WRP enrollment in Illinois,

Iowa, Minnesota, Missouri, and Wisconsin totaled more than 309,000 acres, or 19 percent of the national total. In fiscal year 2005, landowners in the five States enrolled an additional 28,000 acres in the WRP. However, there were 1,217 eligible, but unfunded, applications to enroll another 134,000 acres from the five States in fiscal year 2005. This represents 38 percent of the total national backlog of applications for that year.

Environmental Quality Incentives Program

In contrast to conservation programs that protect land and water resources by curtailing production on sensitive lands, the Environmental Quality Incentives Program supports conservation on working lands. Promoting agricultural production and environmental quality as compatible goals is particularly important in the Midwest agricultural heartland.

The 2002 Farm Bill provides \$1.3 billion of budget authority for the EQIP in fiscal year 2007. However, the President is proposing to fund EQIP at only \$1.0 billion. The UMRBA urges Congress to fund EQIP at its full authorized level. Like many other conservation programs, EQIP funding has not kept pace with demand. Even at full funding, there will likely be significant numbers of unfunded EQIP applications. In fiscal year 2006, the EQIP allocation to the States of Illinois, Iowa, Minnesota, Missouri, and Wisconsin totals \$118 million, only slightly more than the \$114 million provided in fiscal year 2004, a year when there was an additional \$180 million in unmet requests for EQIP assistance.

Conservation Security Program

The President's fiscal year 2007 budget request of \$342 million for the Conservation Security Program reflects a 32 percent increase over fiscal year 2006 for this popular voluntary program, which provides financial and technical assistance to agricultural producers who implement conservation measures on working lands.

In fiscal year 2005, CSP contracts were offered to farmers and ranchers in 220 watersheds across the country. Twenty-two of those watersheds were in the five States of the Upper Mississippi River Basin. In those 22 watersheds, NRCS approved payments totaling \$37.6 million, which was 26 percent of the total CSP contract payments that year.

In fiscal year 2006, CSP will be offered in 60 different watersheds nationwide, including one or two in each UMRBA State. It is too early to judge the demand for CSP in fiscal year 2006. The fiscal year 2006 sign-up opened February 13, 2006 and is scheduled to close March 31, 2006. It remains to be seen what the ultimate level of landowner interest will be in the CSP, as eligible watersheds change each year. But the UMRBA is encouraged that CSP is continuing to expand and funding levels are increasing.

Conservation Technical Assistance

Through the Conservation Technical Assistance program, NRCS provides the technical capability that helps people plan and apply conservation on the land. NRCS works through and in partnership with conservation districts to assist individuals and groups in assessing conservation needs and planning, designing, and installing conservation practices. In addition, the CTA program assists in preparing landowners to participate in USDA conservation financial assistance and easement programs, provides emergency disaster technical assistance, and enables NRCS to coordinate with other programs such as U.S. EPA's nonpoint source management program and U.S. Fish and Wildlife Service's Partners for Wildlife. Approximately \$92.8 million in CTA funding will be allocated to the five UMRBA States (Illinois, Iowa, Minnesota, Missouri, and Wisconsin) in fiscal year 2006. Yet that is an 8.6 percent decrease from funding levels just 2 years ago.

Given that CTA is the foundation for much of the Nation's private lands conservation assistance, it is disappointing that the President's fiscal year 2007 budget proposes a \$62 million, or 9 percent, decrease in the CTA account. The UMRBA urges that, at a minimum, funding for CTA be maintained at the fiscal year 2006 level.

Watershed Programs

The UMRBA is concerned that the President is proposing deep cuts to NRCS's watershed programs, including total elimination of the Watershed and Flood Prevention Operations program, which funds Public Law 566 and Public Law 534 projects. Funding for Watershed Operations has declined substantially over the past 20 years, from an historical high of \$199 million in fiscal year 1994 to only \$74 million in fiscal year 2006. And yet this program provides significant local, regional, and national benefits, by addressing watershed protection, flood prevention, erosion and sediment control, water supply, water quality, water conservation, agricultural drought problems, rural development, municipal and industrial water needs, up-

stream flood damages, fish and wildlife habitat enhancement, and wetland creation and restoration. In May 2005 there were \$1.89 billion of unfunded Federal commitments to Public Law 566 and Public Law 534 projects nationwide, with nearly \$243 million of that in the States of Illinois, Iowa, Minnesota, and Missouri. Despite the fact that Public Law 566 and Public Law 534 projects in the five States were allocated nearly 27 percent of the total national funding in fiscal year 2005, that amount (\$19.1 million) was far less than the \$243 million backlog. In fiscal year 2006, although there is only \$74 million available for watershed protection and flood prevention operations nationwide, there are funding requests totaling over \$174 million, \$44 million of which are in the five UMRBA States. Rather than eliminating this important program, UMRBA urges that it be funded at least equal to the fiscal year 2006 level of \$74 million.

In addition to continuing to invest in watershed and flood prevention projects, the rehabilitation of aging flood control dams must also be addressed. Of the 11,000 Public Law 534 and Public Law 566 dams nationwide, more than 3,000 will reach the end of their design life by 2013. Recognizing this fact, Congress authorized the Watershed Rehabilitation Program in 2000 and authorized significant new funding for the program in the 2002 Farm Bill. In particular, \$60 million is authorized for the Watershed Rehabilitation Program in fiscal year 2007. Yet the President's fiscal year 2007 budget request is only \$15 million, a 52 percent decrease over the fiscal year 2006 funding level. In fiscal year 2005, when \$27.3 million was appropriated for the Watershed Rehabilitation Program, only 60 percent of the \$46 million in project requests was met for the year. Rehabilitation of aging dams, which could become a threat to public health and safety, is extremely important and UMRBA thus urges Congress to fund the Watershed Rehabilitation Program at least equal to its fiscal year 2006 level.

PREPARED STATEMENT OF WEST VIRGINIA UNIVERSITY

Chairman Bennett and Members of the Subcommittee: Thank you for the opportunity to offer testimony to the Subcommittee on Agriculture, Rural Development, and Related Agencies. We request funding in the amount of \$1,000,000 in the USDA budget for fiscal year 2007 to initiate a program called SCIPS, the Small Community Infrastructure Protection and Sustainability program. Discussion regarding our request is offered below.

Introduction

My name is Richard Bajura, and I serve as Director of the National Research Center for Coal and Energy at West Virginia University in Morgantown, West Virginia. We have a long history of working with small and rural communities on projects in drinking water, wastewater, solid waste management, security for small community water systems, and emergency preparedness. We offer a resource of information and specialized technical assistance and training services to small communities and to those professionals that serve small communities and rural areas.

Currently in the United States, there are no comprehensive regional or national centers dedicated to helping a small community to prepare for, respond to, and recover from natural or man-made emergencies or terrorist acts which affect a community's water infrastructure. This testimony outlines a model concept called Small Community Infrastructure Protection and Sustainability (SCIPS) which addresses this national need. Benefits to be gained by small communities include improved emergency preparedness and reduced costs for restoring infrastructure and services.

Need

In the last 5 years, the Federal Emergency Management Administration (FEMA) has responded to more than 300 declared disasters including natural events such as earthquakes, hurricanes, tornadoes, and floods and man-made perils such as major fires, dispersal of hazardous materials, and acts of terrorism. Floods are the most common and widespread of all natural disasters except fires. The devastation caused by hurricanes such as Katrina or Rita is widely publicized and impinges on our consciousness. During major disasters, much of the Nation's attention is focused on large population centers, but nearly one-third of all Americans live in small, rural communities. Early reports on Hurricane Katrina's aftermath indicated that nearly 1,000 drinking water and sewer systems were damaged and non-functional. Most of the impacted systems were in sparsely populated rural communities, lacking in emergency communications, and typically last in line for assistance as responders bypassed them on the way to the bigger cities.

Advance preparation before an emergency is essential since federal protocols require that communities should be able to manage with their own resources for at

least 24 to 72 hours before national programs provide assistance. But many small communities lack the expertise, information, and resources to install and operate appropriate water and wastewater systems, prepare the mandated emergency response plans, respond to emergencies when they occur, and recover afterwards. Small, and even medium-sized communities, are the least able to afford security and emergency preparedness enhancements to their water infrastructure or to obtain such expertise. These communities require assistance in all phases of preparing for and responding to emergencies.

SCIPS Model

States and their respective small communities would benefit from access to a national resource dedicated to providing comprehensive water and wastewater assistance in all phases of emergency management. The SCIPS model program can assist small communities nationwide to maintain, protect, and replace water infrastructure resources damaged during emergency events. A service organization, or center, based on the SCIPS model draws upon experts in technology, public health, public administration, law, and policy to make the best environmentally and economically sound options available to small communities. SCIPS can serve as a comprehensive, one-stop resource for regulatory and public officials, assistance providers, utility operators/managers, and homeowners who want unbiased and timely information on water and wastewater infrastructure selection, maintenance, and replacement.

Community Preparation.—During non-emergency periods, the SCIPS center focuses on community preparedness. Preparedness includes development and dissemination of short- and long-term strategies addressing threats to, and fostering the sustainability of, small community water and wastewater infrastructure. SCIPS personnel will provide customized training and education, technical assistance, and R&D throughout the Nation. These services will promote and facilitate asset management practices and emergency protocols as an integral part of infrastructure protection and sustainability. The SCIPS center increases the knowledge base of community officials, policy makers, scientists, engineers, and others through a research, education, and awareness campaign.

Disaster Response.—During a disaster, the SCIPS center is a specialized resource that can be drawn upon at the request of national and local officials for timely assistance. The SCIPS center has core capabilities as an information center and technical assistance provider through its extensive knowledge of the network of public and private service providers across the Nation. SCIPS personnel are available to answer questions via hotline phone and internet facilities, serve as a communications resource among responders, and provide specialized assistance by arranging for technology experts to visit the affected communities. The SCIPS center assists communities in quickly restoring services as effectively as possible based on the extent of the disaster.

Recovery.—During the post-emergency recovery phase, the SCIPS center assists communities in assessing damage, evaluating options for infrastructure replacement, and providing technical services for the replacement, installation and/or repair of infrastructure damaged during the emergency. The SCIPS center provides communities access to local, regional, and national experts. The Center offers a comprehensive spectrum of assistance to small communities for recovery of services, which enables a return of economic productivity to the community in addition to restoring essential services and ensuring public health.

Benefits

The benefits to small and rural communities and to the Nation from establishing the SCIPS program include:

- Implementation of viable security improvements for water and wastewater infrastructure, systems “hardened” to withstand disaster and prevent damage from terrorism acts, and quicker recovery of essential systems and services after catastrophic events;
- Small communities that are better informed about preparing and implementing water and wastewater emergency procedures;
- Communications plans for small community water and wastewater treatment systems in coordination with other community organizations;
- Improved rural community public health and a protected environment; and,
- Cost savings at the Federal, State and local levels realized by implementing infrastructure sustainability measures which reduce economic losses during catastrophic events.

West Virginia University

West Virginia University is uniquely qualified to undertake implementation of the SCIPS model. As a comprehensive land grant, research extensive university, West

Virginia University has the necessary faculty expertise to address the spectrum of legal, health, policy, research, and service requirements of the SCIPS model. Its National Environmental Services Center has more than 26 years of service to the Nation's small communities in the areas of drinking water, waste water, homeland security, and educational and training programs. The Center also has working relationships with relevant Federal agencies, State offices, and technology experts through out the country who would participate in response teams addressing emergencies in their respective regions.

Recommendation

The lessons learned from the effects of Hurricane Katrina demonstrate the need for assistance to small communities in the protecting drinking water and wastewater infrastructure. We recommend establishing a national center to provide the services outlined under the SCIPS model.

The following language is suggested for the Subcommittee Report: "The Managers provide \$1 million for the Small Community Infrastructure Protection and Sustainability program." We have not received funding for this program previously.

PREPARED STATEMENT OF THE NATIONAL DRINKING WATER CLEARINGHOUSE

Chairman Bennett and Members of the Subcommittee: Thank you for the opportunity to offer testimony to the Subcommittee on Agriculture, Rural Development and Related Agencies. We request an appropriation of \$2 million for fiscal year 2007 to continue the programs of the National Drinking Water Clearinghouse [NDWC] under the Rural Community Advancement Program [RCAP] in the USDA budget.

Introduction

My name is Richard Bajura, and I represent the National Drinking Water Clearinghouse, which is located at West Virginia University in Morgantown, West Virginia. My unit is home to a specialized suite of programs that address the environmental needs of small and rural communities. Our staff members have expertise in drinking water, wastewater, solid waste management, security systems for small community infrastructure, and emergency preparedness. We offer a resource of information and specialized technical assistance and training services to small communities and to those professionals that serve small communities and rural areas. This testimony focuses on our programs in drinking water infrastructure that are funded under RCAP.

Need for Federal Programs

Clean, safe drinking water and the effective treatment of wastewater are critical to public and environmental health. For most of us, it's easy to take water for granted. However, not that long ago, most people didn't have indoor plumbing. According to U.S. Census Bureau data, half of American homes in 1940 lacked complete plumbing facilities (defined as hot and cold piped water, a bathtub or shower, and a flush toilet). By 2002, EPA found that the number of homes having complete plumbing facilities increased to 91 percent. Much of this improvement can be attributed to Federal infrastructure investment. The U.S. Department of Agriculture's Rural Utilities Service [RUS] has provided more than \$20 billion for water and wastewater projects since 1947. In spite of these improvements, however, 670,000 households (with nearly 2 million people) lack access to water, sanitation, or both. Safe, affordable water infrastructure is an investment in the economic viability and public health of rural America.

Water Infrastructure Challenges

Over 50,000 water treatment systems serve the U.S. population, with 86 percent of these systems being classified as "small" systems (serving fewer than 3,300 customers) and "very small" systems (serving fewer than 500 customers). Because smaller systems have lower revenues and fewer resources, they are more likely to have difficulty meeting an increasing number of environmental regulations. Very small systems are 50 percent more likely to incur violations than all other system sizes. When the Safe Drinking Water Act was passed in 1974, 18 contaminants were regulated. By 2004, that number had grown to 86. Another eight will be added by 2008.

While significant progress has been made, a number of challenges confront communities as they try to safeguard public health. The very nature of rural/small town America works against easy solutions to providing essential water service. The cost of providing basic water service (and other infrastructure) is often prohibitive because of geographic isolation, low population density, social and cultural diversity,

and a lack of proper information. Twenty-five percent of our Nation's drinking water utilities have insufficient revenues to fund the full cost of providing service to customers. An equal percentage of utilities have deferred maintenance due to insufficient funding. Estimates show that during 2000–2019, the operation and maintenance funding gap for our Nation's drinking water utilities could be as high as \$495 billion, and the capital funding gap could be as high as \$267 billion.

In many communities, water distribution systems and wastewater collection systems are 40 to 50 years old, with many dating back more than a century. According to the American Society of Civil Engineers (ASCE), U.S. drinking water systems are responsible for maintaining an estimated 800,000 miles of water delivery pipelines. In the 2002 report titled *Clean Water and Drinking Water Infrastructure Gap Analysis*, EPA estimated that we need to invest \$265 billion for drinking water systems infrastructure through 2022. In the 2003 update to ASCE's Report Card for America's Infrastructure, both drinking water and wastewater were given a grade of "D." The report suggests that, without new investment, the progress made over the last 30 years is threatened.

As a partial solution to addressing these challenges, the Technical Assistance and Training [TAT] grants program under the USDA Rural Community Advancement Program make it possible for small communities to maximize their investments in water infrastructure through the use of appropriate technology and sound management practices. The next sections of this testimony focus on programs of the National Drinking Water Clearinghouse which provide needed assistance to these communities.

Information and Technical Assistance Services of the NDWC

For 15 years, the National Drinking Water Clearinghouse has helped small and rural communities with their water infrastructure management and utility security issues. The NDWC's services enable small communities to provide clean water to their citizens and prevent pollution. In this way the NDWC helps small and rural communities to protect their public health, increase economic opportunity, and improve their quality of life through providing adequate, safe, and economical drinking water to their citizens.

The NDWC accomplishes its mission through a three-pronged approach. First, the NDWC provides targeted assistance and quality information for meeting regulatory compliance requirements and for optimizing community water services. Second, the NDWC provides assistance and strategic information to small communities to enable them to develop sustainable water services that facilitate economic development. Third, the National Drinking Water Clearinghouse provides information for public awareness and increased stewardship of water resources to educate community officials (who usually are part-time administrators) and the general public.

The NDWC performs a range of assistance activities for small communities. Telephone callers can obtain toll-free technical assistance from our staff of certified operators, engineers, and scientists. Our quarterly publication "On Tap," a magazine about drinking water treatment, financing, and management options helps communities and small water systems to operate, manage and maintain their facilities while keeping them financially viable. A comprehensive Web site and databases with thousands of entries provide around the clock access to contemporary information on small water systems. Training sessions customized for small and rural areas, teleconferences, and more than 400 free and low-cost educational products provide people the instruction and tools they need to address their most pressing drinking water issues.

These services are well received by small community officials and service providers and should be continued. Unless the services of the National Drinking Water Clearinghouse are available to provide assistance to these communities regarding alternative technologies, preparing grant proposals, and training the community officials and service providers, the health of these communities will be jeopardized and opportunities for economic development will be severely hampered.

We plan to use \$1.5 million of our request to continue NDWC's Information and Technical Assistance Services in fiscal year 2007. This program receives funding from proposals submitted to the Technical Assistance and Training [TAT] Grants Program in the RCAP budget line.

Special Services to Small Communities

In addition to the National Drinking Water Clearinghouse's knowledge base and technical support, the NDWC is expanding its assistance to small "underserved" communities through technical field support. "Underserved" is a term that is used to characterize those small and rural communities that, due to size and economic constraints, have great difficulty assessing their environmental problems and com-

peting for funding. Examples would be communities such as we have in West Virginia, Alaska, the sprawling Colonias bordering Mexico, Indian reservations, and small communities in California, New York, and the New England States.

The NDWC's funding under the Technical Assistance and Training Grants program currently does not provide for direct "on the ground" services to underserved communities. A portion of our funding will be used to develop a pilot program to honor requests for site-specific technical support from underserved communities. This support gives small and very small communities assistance through site assessments and feasibility studies that they might not otherwise be able to access for planning needed infrastructure improvements, their financing, and management.

Communities often ask for help in assessing their water and wastewater needs and options prior to contacting and retaining the services of a private consulting firm. Through the pilot program, the NDWC will be able to conduct site assessments and offer information and education on technology options. In addition, NDWC staff will attend and make presentations at community meetings concerning best technology and management practices. Pre-engineering assessments conducted by NDWC will enable communities to have a thorough knowledge of their water and wastewater treatment needs and options, prior to retaining engineering services. In this way they will be positioned to select technologies that they can afford, and will be able to manage and maintain.

Funding for the special services to small communities programs will enable assistance to be provided on location in communities throughout the United States. We will use \$500,000 of our appropriation for special services to small communities.

For the past several years, the Managers of this Subcommittee have inserted language in the committee report for Agriculture Appropriations budget bill that recommended increases in our annual funding to provide special services to underserved communities. However, no specific amount of funding was earmarked through this language, and, consequently, the National Drinking Water Clearinghouse has not received funding from USDA to initiate the special services program.

Request

In the Conference Report for the USDA appropriations for fiscal year 2006 [H.R. 109-255], the Conference Managers directed spending in the amount of \$18,250,000 for the Technical Assistance and Training [TAT] Grants Program in the RCAP budget line. For fiscal year 2007, we request that the TAT program receive sufficient funding to maintain the NDWC program and that of the total amount provided for fiscal year 2007, \$2 million should be specifically earmarked for the programs of the NDWC.

The following language is suggested for the USDA Subcommittee Report: "The Managers provide \$2 million to the National Drinking Water Clearinghouse for information, technical assistance and special services to small communities."

A summary of our recent awards history is provided for reference.

FUNDING AWARDED TO THE NATIONAL DRINKING WATER CLEARINGHOUSE FOR TECHNICAL ASSISTANCE AND TRAINING (TAT) PROJECTS UNDER THE RURAL COMMUNITY ADVANCEMENT PROGRAM (RCAP) OF THE USDA BUDGET

USDA funded grants	Federal fiscal year appropriated	Award amount
National Drinking Water Clearinghouse	2006	(¹)
National Drinking Water Clearinghouse	2005	\$1,200,000
National Drinking Water Clearinghouse	2004	1,157,000
National Drinking Water Clearinghouse	2003	1,336,000
Technical Assistance for Rural Wastewater Management Entities (Project II)	2003	510,000
National Drinking Water Clearinghouse	2002	1,336,000
Technical Assistance for Rural Wastewater Management Entities (Project II)	2002	500,000
.....		6,039,000

¹ Amount pending.
Fiscal year 2007 Request: \$2 million (\$1.5 million for Information and Technical Assistance Services and \$0.5 million for Special Services to Small Communities).

PREPARED STATEMENT OF THE WILDLIFE SOCIETY

The Wildlife Society appreciates the opportunity to submit testimony concerning the fiscal year 2007 budgets for the Natural Resources Conservation Service (NRCS), Animal Plant Health Inspection Service (APHIS), and Cooperative State

Research, Education and Extension Services (CSREES). The Wildlife Society is the association of almost 8,000 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

Wildlife Habitat Incentives Program (WHIP).—WHIP is a voluntary program that provides technical and financial support to farmers and ranchers to create high quality wildlife habitat. The Wildlife Society recommends funding WHIP at \$85 million in fiscal year 2007, the full amount authorized by the 2002 Farm Bill.

Wetland Reserve Program (WRP).—WRP is a valuable program designed to assist farmers and ranchers in protecting and restoring wetland habitat. The Wildlife Society appreciates the continued targeting of 200,000 acres annually for enrollment in WRP. However, we recognize that if the authorized level of 250,000 acres is not enrolled every year, then enrollment must increase in future years to reach the authorized level of 2,275,000 acres. Full WRP enrollment is needed if the Administration intends to achieve the President's goal of no-net-loss of wetlands. The Wildlife Society supports an enrollment target of 250,000 acres in fiscal year 2007.

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 by the Administration's proposal to decrease funding in key activity areas for WS. The President's fiscal year 2007 proposed budget directs an increase of \$9,750,000 to the WS Operations line item, while requesting \$12,539,000 in decreases to offset the proposed increases, for a net decrease of \$2,789,000. In essence, \$9,750,000 is being redirected from existing activities to support airport safety and assistance (\$3,000,000), the oral rabies vaccination program (\$1,750,000), and wildlife disease monitoring and surveillance (\$5,000,000). While we are pleased that these activities have gained presidential support, these new mandates, along with the net decrease to the WS operational budget, will effect a \$12,539,000 overall reduction to key activity areas. The Wildlife Society strongly recommends that Congress restore, as an add-on, the proposed decrease of \$2,789,000 and provide increased funding of \$9,750,000 for WS to continue local program operations, as well as to support the airport safety, rabies, and wildlife disease activities without redirecting funds from other needed activities.

We understand the importance of safeguarding our Nation against highly pathogenic avian influenza and applaud the added fiscal resources to address this critical issue. The President's fiscal year 2007 budget proposal redirects \$3.2 million for avian influenza research as it relates to migratory birds. The Wildlife Society recommends that Congress provide additional money to adequately fund this and other important and associated research. Redirection of funds for this program would have serious and, in many cases, terminal effects on existing projects.

This program is also short \$2.2 million because of previously directed unfunded earmarks. These directed programs leave important programs under-funded, like the Jack Berryman Institute for Wildlife Damage Management at Utah and Mississippi State Universities; the Logan, Utah Predator Research Station; the newly-established Texas A&M University-Kingsville Research Field Station; important reproduction inhibition research; and the National Trap Standards Development and Testing Project.

Veterinary Services.—The Wildlife Society is deeply troubled by the proposed cuts in several line-item budgets of USDA-APHIS-Veterinary Services (VS). The protection of wildlife, livestock, and humans from the threat of intentional and/or accidental introduction of disease pathogens is very real and increases daily. The occurrence of Highly Pathogenic Avian Influenza H5N1 in Asia, Europe, Africa, and the Middle East, the introduction of Monkey Pox in 2003, the Exotic Newcastle Disease event in California and other States in 2003–2004, and the national spread of West Nile Virus starting in 1999 all indicate that the introduction of diseases is rapidly increasing with no signs of abating. In time of concern about national security and the need to protect the citizens of the United States from the introduction of exotic diseases, it is imperative that funding for the agencies responsible for detecting and prohibiting disease introductions be adequately funded. The reemergence of several diseases, such as bovine TB, Brucellosis, and others indicate that the efforts to con-

trol and eradicate these diseases are not complete and APHIS must continue to address the threats they pose to livestock, wildlife, and humans. Additionally, VS continues to identify some diseases, such as pseudorabies in feral pigs, as important economic drains on the economy while sister agencies in USDA-APHIS propose to cut research into feral hog control programs. The Wildlife Society strongly recommends that all branches of USDA-APHIS coordinate budgets and activities for livestock and wildlife disease surveillance, research, and control.

The Wildlife Society is very concerned about the proposed \$1.405 million reduction in the Brucellosis Program budget. This appears ill-advised given the fact that three States—Texas, Wyoming, and Idaho—currently are without their brucellosis class-free status because of recent outbreaks in domestic cattle herds. Because of its presence in wild elk and bison, brucellosis in the Greater Yellowstone Area will be especially difficult to eliminate and will require more, not less, fiscal resources to accomplish. We recommend Congress restore brucellosis funding to \$11 million in fiscal year 2007, and that USDA-APHIS-Veterinary Services continue to utilize the authorities and expertise of the Greater Yellowstone Interagency Brucellosis Committee to address domestic livestock interactions with wild elk and bison in the region.

The Wildlife Society commends APHIS-Veterinary Services for providing funding to state wildlife management agencies for Chronic Wasting Disease (CWD) surveillance and management in free-ranging deer and elk. Additionally, The Wildlife Society strongly supports APHIS' efforts to eliminate CWD from captive cervids in order to eliminate the risk of spread of the disease from these animals to free-ranging deer and elk. The surveillance and monitoring efforts conducted by all 50 States during 2004 and 2005 would not have been possible without this cooperative funding. Additionally, knowledge of the presence and prevalence of CWD has been enhanced by this program. Without continued funding, States will be unable to maintain the level of CWD surveillance necessary to track the disease. The National CWD Plan calls for additional management efforts to prevent the spread of CWD in the United States. The finding of CWD in three additional States in 2005 (New York, West Virginia, and Kansas) emphasizes the need for continued surveillance and monitoring. Without the State cooperative agreement funding from Veterinary Services, this surveillance and monitoring would not be possible. With additional States finding CWD or bordering States with CWD, the amount of funding available will be spread thinner, while the need for this activity increases. The Wildlife Society strongly recommends Congress increase CWD funding to a total of \$30 million in fiscal year 2007, with \$20 million designated for cooperative agreements with the States for surveillance and management of CWD in free-ranging cervids.

The Wildlife Society is encouraged by the additional funding proposed in fiscal year 2007 for both low pathogenic and high pathogenic avian influenza work. The potential for this disease to spread to the North American continent and severely impact wildlife, domestic poultry, and humans highlights the importance of continued surveillance and monitoring of all zoonotic diseases. The fiscal year 2006 supplemental appropriation provided funding needed to begin to address the avian influenza issue, both in the United States and elsewhere. This effort must continue to ensure that America's citizens and resources are protected. The Wildlife Society strongly supports the proposed funding for low pathogenic avian influenza at \$3.05 million and for high pathogenic avian influenza at \$51.7 million.

Cooperative State Research, Education, and Extension Service

Renewable Resources Extension Act.—RREA provides an expanded, comprehensive extension program for forest and rangeland renewable resources. 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 private landowners. The need for RREA educational programs is greater today than ever because of continuing fragmentation of ownership, urbanization, the diversity of landowners needing assistance and increasing societal concerns about land use and the impact on natural resources including soil, water, air, wildlife and other environmental factors. The Wildlife Society recommends that the Renewable Resources Extension Act be funded at \$30 million as authorized in the 2002 Farm Bill.

McIntire-Stennis.—The proposed budget for fiscal year 2007 reflects a stable funding level for the McIntire-Stennis Cooperative Forestry program. An alternative approach to the research formula base programs would redirect 45 percent of both the Hatch Act and the McIntire-Stennis Cooperative Forestry program funds to nationally competitively awarded multi-state/multi-institutional projects. This represents a significant departure from prior years. These funds are essential to the future of resource management on non-industrial private forestlands, as forest products are produced while conserving natural resources, including fish and wildlife. As demand

for forest products grow, private-land forests will increasingly be needed to supplement supplies, but trees suitable for harvest take decades to produce (versus the single year in which crops such as corn and soybeans can be harvested). In the absence of long-term and on-going research, such as provided through McIntire-Stennis, the Nation could easily become ill-suited to meet future forest-product needs. Replacement of McIntire-Stennis funding with competitive grants will leave long-term and stable forest research to chance. The Wildlife Society strongly believes that the reasons for continuing the McIntire-Stennis Cooperative Forestry program into the future are compelling and urges Congress to increase the fiscal year 2007 budget to \$25 million, an amount more consistent with historic levels.

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 request of \$247 million for National Research Initiative Competitive Grants.

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.