

**Statement of Bruce I. Knight
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United States Department of Agriculture
Before the Senate Agriculture Appropriations Subcommittee
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Thank you for the opportunity to appear before you today to discuss our FY 2004 budget request. I assumed the responsibility of Chief of the Natural Resources Conservation Service (NRCS) one year ago, and believe that this period of time has presented one of the most significant junctures in private lands conservation.

One year ago, we witnessed enactment of one of the most important pieces of conservation legislation history in the form of the 2002 Farm Bill. The legislation responds to a broad range of emerging conservation challenges faced by farmers and ranchers, including soil erosion, wetlands, wildlife habitat, and farm and rangeland protection. Private landowners will benefit from a portfolio of voluntary assistance, including cost-share, land rental, incentive payments, and technical assistance. The Farm Bill places a strong emphasis on the conservation of working lands – ensuring that land remaining both healthy and productive.

The conservation title of the Farm Bill builds upon past conservation gains and responds to the call of farmers and ranchers across the country for additional cost-sharing resources. In total, this legislation represents an authorization of more than \$17 billion in increased conservation spending. In addition, the legislation will expand availability and flexibility of existing conservation programs, and increase farmer participation and demand for NRCS assistance.

Three weeks ago, we released the funding allocations to our states for all of the conservation programs. Through these allocations, more than \$1.8 billion in assistance has been made available to farmers and ranchers. And beyond allocating the funds, we have been working expeditiously to set in place the program guidelines and technical tools needed to implement these conservation opportunities on the ground. To date, we

have published in the Federal Register rulemaking for every ongoing Farm Bill conservation program NRCS administers. This includes Final Rules for the Wetland Reserve Program, Wildlife Habitat Incentives Program, Environmental Quality Incentives Program, and the Farm and Ranch Lands Protection Program. We are making funds available under the Grassland Reserve Program. I am also pleased to note that we had an extremely robust comment period and response from all sectors of the agriculture and conservation interests to our Advanced Notice of Proposed Rulemaking on the Conservation Security Program (CSP). We are currently analyzing and incorporating the feedback we have received as we begin development of a proposed rule for CSP. Given the widespread provisions and complexity of the Farm Bill, I think this record is a testament to the hard work and dedication of our staff and I am proud of what we have accomplished. One year after enactment, we are open for business, and ready to the needs of farmers and ranchers.

Meeting Emerging Challenges

Throughout the course of FY 2002 and FY 2003 as Congress developed and enacted the new Farm Bill, I am proud of the proactive steps that our agency took in order to prepare for emerging challenges. I would like to highlight our work in this area.

Increasing Third-Party Technical Assistance

With the historic increase in conservation funding made available by the 2002 Farm Bill, NRCS will look to non-federal partners to supply the technical assistance needed to plan and oversee the installation of conservation practices. NRCS will use the new Technical Service Provider (TSP) system to facilitate this technical assistance delivery. The TSP system ensures that producers have the maximum flexibility for choosing a third-party provider to work on their land, while also ensuring that TSP providers are properly certified and meet NRCS standards.

Expanding Local Leverage

One of the key attributes that NRCS has developed for local leverage is the Earth Team volunteer program. We, at NRCS, are proud of the Earth Team's accomplishments and the record expansion that this program has experienced. The National Earth Team Status Report for fiscal year 2002 showed a 19 percent increase in the number of volunteers, a 17 percent increase in the number of volunteer hours and a five percent increase in the number of NRCS offices using volunteer services over the previous year's figures. For fiscal year 2002, the total value of volunteer time was more than \$17 million, based on the \$16.05 hourly rate established by nationally recognized volunteer organizations. The total amount invested nationally in the Earth Team is approximately \$199,000, which gives NRCS a return on its investment equal to \$86 for every \$1 spent.

Since the Earth Team began in 1982, the number of volunteers has gone from 327 to more than 38,000 and the number of hours donated has jumped from 29,100 to 1,089,100. I believe that Earth Team volunteers will be increasingly important as we move forward to implement the new Farm Bill and provide more conservation on private lands in the future. It serves as an excellent example of the kind of partnership effort needed to accomplish the massive challenge of getting private lands conservation out to those farmers, ranchers, and private landowners who need assistance.

Lean and Local and Accessible

One of the core themes that I have stressed to our agency is the need to be lean and local. Throughout the year, we have worked hard to provide as much decision-making flexibility to the local level as possible. In addition, we have worked to provide streamlined business processes to improve use of valuable staff resources.

One of the most important investments we can make today in improved efficiency is development of new and improved technical tools for use by our staff and the general public. Recently, we launched the Electronic Field Office Technical Guide (EFOTG).

The EFOTG provides conservation information and scientific and technological resources on the Web in an easy-to-use environment. The electronic technical guides are linked to 8,000 NRCS web pages and external sites. Content includes data in technical handbooks and manuals, scientific tools that help generate conservation alternatives, conservation practice standards, conservation effects case study reports and other electronic tools for evaluating the effects of conservation technical assistance. In total, the EFOTG will make our information more accessible, and supports the President's Management Agenda for E-Government. The EFOTG is part of our larger efforts at developing SMARTTECH to provide technical information to a broad base of conservation professionals and the general public.

Access and Accountability

As a core principle, we need to increase the accessibility of NRCS to the public, not only by providing conservation data, but also by making our internal processes more easily understood. This year, we have taken steps to make items such as our allocation formulas, backlog and program participation data much more transparent to the general public. We have worked to foster competition and reward performance, in our internal functions and also in contracting and cooperative agreements. Throughout this process, our goal has been to provide the best and most efficient service to producers at the local level and to make NRCS more farmer friendly and accessible.

We know this process will take time, and I look forward to continuing this effort into the future.

Discretionary Funding

While we have come a long way in the past year, the future presents many emerging challenges and bright horizons. The President's FY 2004 budget request for NRCS reflects our ever-changing environment by providing appropriate resources for the ongoing mission of NRCS and ensuring that new opportunities can be realized.

Conservation Operations

The President's FY 2004 budget request for Conservation Operations proposes a funding level of \$704 million which includes \$577 million for Conservation Technical Assistance (CTA). The CTA budget will enable NRCS to increase support for certain activities as well as maintain funding for ongoing high priority work. For example, increases are provided in the budget for additional specialized staff and training to help address air quality problems in areas that are not in compliance with national air quality standards; to enhance the Customer Service Toolkit which provides NRCS field staff with the geographic data and technical tools that they need to adequately deliver Farm Bill conservation and other field programs; and, to establish a monitoring and evaluation regimen that will provide more meaningful performance goals and measures for Farm Bill conservation programs.

High priority ongoing work that will be maintained includes addressing water pollution associated with animal agriculture. In addition to regular technical assistance support provided to grazing land customers, the budget proposes to maintain funding for Grazing Land Conservation Initiative (GLCI) at \$22 million in 2004. The GLCI is a private coalition of producer groups and environmental organizations that supports voluntary technical assistance to private grazing landowners and managers.

The Conservation Operations account funds the basic activities that make effective conservation of soil and water possible. It funds the assistance NRCS provides to conservation districts, enabling people at the local level to assess their needs, consider their options, and develop area-wide plans to conserve and use their resources.

Conservation Operations support the site-specific technical assistance NRCS provides to individual landowners to help them develop plans that are tailored to their individual economic goals, management capabilities, and resource conditions. It also includes developing the technical standards and technical guides that are used by everyone managing soil and water--individuals, local and State agencies and other Federal

agencies. It includes our Soil Survey and Snow Survey Programs and other natural resources inventories, which provide the basic information about soil and water resources that is needed to use these resources wisely. This basic inventory work contributes to homeland security as well as to the long-term sustainability of the Nation's natural resource base.

We have made great strides in developing an effective accountability system with the support of Congress. This accountability system has allowed us to accurately track the accomplishments of Conservation Operations. In FY 2002, technical assistance supported by Conservation Operations funds enabled land users to treat 9.46 million acres of cropland and 11.5 million acres of grazing land to the resource management system level (sustainable management). On 7 million acres of cropland that had been eroding at severely damaging rates, NRCS technical assistance enabled farmers to reduce erosion to the tolerable rate or less, thus preserving the productive capacity of the soil.

In FY 2002, NRCS continued to assist producers to respond to the public concern about water quality through the development of regulations addressing water quality at local, State, and Federal levels. We applied practices to help protect water quality, including 5.4 million acres of nutrient management, 1.84 million acres where irrigation water management was improved, and 578,419 acres of buffer practices. All of these activities were supported by Conservation Operations; in some cases, funds from other Federal programs or State or local sources were utilized in combination with Conservation Operations.

Adequate funding for Conservation Operations in 2004 will enable NRCS to continue to provide assistance to producers across the country. It will also enable us to increase our attention to critical resource concerns, such as animal feeding operations and assistance to producers who will be required to take actions under the new CAFO rule. EPA estimates that 15,500 producers will come under the new regulatory framework. Most if not all of these producers will require planning assistance from NRCS with nutrient management-related concerns.

Another serious concern continues to be the health of private rangeland and pastureland. The Nation's 630 million acres of non-Federal grazing lands are vital to the quality of the Nation's environment and the strength of its economy. In November 2002, we were successful in issuing new technical guidance to field staff for conservation assistance on private grazing lands. Our guidance will help provide producers with the ecological principals associated with managing their land and implementing a conservation plan that meets their management objectives and natural resource needs. I believe that we need to offer a high level of excellence to grazing land and am proud of the great strides that we are making in this area. Sustained resources in Conservation Operations will mean that needed expertise can be brought to bear at the field level on farms and ranches.

Farm Bill Technical Assistance

Fully funding technical assistance for the Farm Bill programs is essential to ensure the environmental benefits that are expected from the significant increase in conservation spending. In a 2003 budget amendment, the Administration proposed establishing a new \$333 million account to fund the technical assistance needed to implement the conservation programs authorized in the 2002 Farm Bill. The 2004 budget proposes the Farm Bill Technical Assistance (FBTA) account at a level of \$432 million and would provide technical assistance funding for the 2002 Farm Bill conservation programs which include the Conservation Reserve Program, the Wetland Reserve Program, the Environmental Quality Incentives Program, the Wildlife Habitat Incentives Program, the Farm and Ranchland Protection Program, the Conservation Security Program, and the Grasslands Reserve Program.

This new account will be used to plan, design, and oversee the installation of conservation practices, and maximize the amount of dollars available to help farmers and ranchers install on-the-ground conservation projects. Establishing one technical

assistance account will also improve the accountability and transparency of the conservation program's cost of delivery.

Watershed and Flood Prevention Operation (WFPO). The 2004 budget proposes funding for the PL-566 Watershed Operations, but requests no funding for the Emergency Watershed Protection program. With emergency spending being so difficult to predict from year to year, the budget proposes instead to direct available resources to those projects that are underway and for which Federal support is critical for their successful implementation. Funding for the regular watershed program will also address the backlog of unmet community needs by ensuring implementation of those watershed projects that are designed to meet these needs.

Watershed Surveys and Planning. NRCS works with local sponsoring organizations to develop plans on watersheds dealing with water quality, flooding water and land management, and sedimentation problems. These plans then form the basis for installing needed improvements. The Agency also works cooperatively with State and local governments to develop river basin surveys and floodplain management studies to help identify water and related land resource problems and evaluate alternative solutions. The 2004 Budget requests \$5 million to ensure that this important work is continued.

Watershed Rehabilitation Program. One of the agency's strategic goals is to reduce risks from drought and flooding to protect community health and safety. A key tool in meeting this goal is providing financial and technical assistance to communities to implement high priority watershed rehabilitation projects to address the more than 11,000 dams installed with USDA assistance that will be or are now at the end of their 50-year life span. Some dams already pose a significant threat to public safety and these will naturally be the first to be addressed. The budget proposes \$10 million to continue the work begun in 2002.

Resource Conservation and Development (RC&D). The purpose of the RC&D program is to encourage and improve the capability of State and local units of

government and local nonprofit organizations in rural areas to plan, develop, and carry out programs for RC&D. NRCS also helps coordinate available Federal, State, and local programs. The 2004 budget proposes a level of \$50 million which will support the 368 RC&D areas now authorized.

Farm Bill Authorized Programs

Environmental Quality Incentives Program (EQIP). The purpose of EQIP is to provide flexible technical, educational, and financial assistance to landowners that face serious natural resource challenges that impact soil, water and related natural resources, including grazing lands, wetlands, and wildlife habitat management. We have seen that producer demand continues to far outpace the available funding for EQIP. During FY 2002, we received 70,000 more applications than could be funded, representing financial assistance requests of \$1.4 billion for one fiscal year. Projections for the future are that the demand will continue to eclipse the program. At the end of January 2003, we published revised program rules for EQIP resulting from the changes enacted in the new Farm Bill. We believe that the increased program flexibility and improved program features will continue to make EQIP one of the most popular and effective conservation efforts federal government-wide.

EQIP was reauthorized by the 2002 Farm Bill through 2007 at a total funding level of \$5.8 billion, including \$1 billion for 2004. The budget proposes a level of \$850 million for financial assistance. The Farm Bill Technical Assistance account will provide the technical assistance to implement EQIP.

Wetlands Reserve Program (WRP). WRP is a voluntary program in which landowners are paid to retire cropland from agricultural production if those lands are restored to wetlands and protected, in most cases, with a long-term or permanent easement. Landowners receive fair market value for the land and are provided with cost - share assistance to cover the restoration expenses. The 2002 Farm Bill increased the program

cap to 2,275,000 acres. The FY 2004 budget request estimates that about 200,000 acres will be enrolled in 2004.

Grassland Reserve Program (GRP). The 2002 Farm Bill authorized the GRP to assist landowners in restoring and protecting grassland by enrolling up to 2 million acres under easement or long term rental agreements. The program participant would also enroll in a restoration agreement to restore the functions and values of the grassland. The 2002 Farm Bill authorized \$254 million for implementation of this program during the period 2003-2007.

Conservation Security Program (CSP). CSP, as authorized by the 2002 Farm Bill, is a voluntary program that provides financial and technical assistance for the conservation, protection, and improvement of natural resources on Tribal and private working lands. The program provides payments for producers who practice good stewardship on their agricultural lands and incentives for those who want to do more. In 2004, the budget proposes to cap CSP spending at a total of \$2 billion over ten years.

Wildlife Habitat Incentives Program (WHIP). WHIP is a voluntary program that provides cost-sharing for landowners to apply an array of wildlife practices to develop habitat will support upland wildlife, wetland wildlife, threatened and endangered species, fisheries, and other types of wildlife. The 2002 Farm Bill authorized \$360 million for implementation of the program during the period 2002-2007 including \$60 million in 2004. The budget proposes to cap WHIP at \$42 million for financial assistance. The Farm Bill Technical Assistance account will provide the technical assistance to implement WHIP.

Farm and Ranchland Protection Program (FRPP). Through FRPP, the Federal Government establishes partnership's with State, local or Tribal government entities or nonprofit organizations to share the costs of acquiring conservation easements or other interests to limit conversion of agricultural lands to non-agricultural uses. FRPP acquires perpetual conservation easements on a voluntary basis on lands with prime, unique, or

other productive soil that presents the most social, economic, and environmental benefits. FRPP provides matching funds of no more than 50 percent of the purchase price for the acquired easements. The 2002 Farm Bill authorized a total of \$597 million for the program through 2007 including \$125 million in 2004. The budget, partially proposes a level of \$112 million in financial assistance. The Farm Bill Technical Assistance account will provide the technical assistance to implement FRPP.

Conclusion

As we look ahead, it is clear that the challenge before us will require dedication of all available resources – the skills and expertise of the NRCS staff, the contributions of volunteers, and continued collaboration with partners. Conservation Districts, Resource Conservation and Development Councils and many valuable partners continue to make immeasurable contributions to the conservation movement. It is this partnership at the local level that makes a real difference to farmers and ranchers. As we move forward, we will accelerate the use of third-party sources of technical assistance as well. We recognize that the workload posed by future demand for conservation will far outstrip our capacity to deliver and seek to complement our resources with an appropriate system of qualified expertise.

But it will take a single-minded focus and resolve if we are to be successful. I am proud of the tenacity that our people exhibit day in and day out as they go about the work of getting conservation on the ground and I believe that we will be successful.

But it will require the continued collaboration of all of us, especially Members of this Subcommittee because available resources will ultimately determine whether our people have the tools to get the job done. I look forward to working with you as move ahead in this endeavor.

This concludes my statement. I will be glad to answer any questions that Members of the Subcommittee might have.

