

Statement of Pearlie S. Reed
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United States Department of Agriculture
Before the Senate Appropriations Subcommittee on Agriculture, Rural
Development and Related Agencies
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Thank you for the opportunity to appear before you today to discuss our FY 2003 budget request. Conservation is important to me. I've devoted most of my adult life and my career to helping people get conservation on the land. I want to thank the Committee for their support for conservation over the years, and especially last year during the FY 2002 appropriations process. The terrorist threat and the weakening global economy forced all levels of government to make hard choices to balance many competing needs. Your concern for conservation of the Nation's priceless resource base means healthier land and cleaner water for people now and a more secure future for future generations of Americans.

The farmers and ranchers who are the managers and caretakers of the Nation's agricultural lands want to be good stewards of soil and water. They want to protect the environment in which they and their neighbors live; they want to hand on to the next generation a land as productive and healthy as the one they received from the last generation. But they need help to be the good stewards they want to be.

For the help they need, producers and other land users rely on NRCS. They know they can expect good service from NRCS; they value the usefulness, accessibility and clarity of our advice and information; and they appreciate the courtesy and professionalism of NRCS employees. Just how highly they rate NRCS's service was revealed by a recent survey conducted by the University of Michigan using the American Customer Satisfaction Index. A sample of those who received conservation technical assistance last year gave NRCS a score of 81 out of a possible 100 points. This is 10 points higher than the average for private sector services and 12 points higher than the average index of Federal government services. Users of conservation technical assistance gave NRCS a trust index of 90 out of a possible 100 points.

I hope that we will be able to work with you this year to continue your funding support for conservation in FY 2003, and especially to maintain the funding level needed to ensure that the conservation delivery system that this Nation has built over the past 65 years can continue to help local people care for the land.

Discretionary Funding

Conservation Operations

The President's FY 2003 budget request for Conservation Operations proposes an increase of \$118.19 million. The increase includes transfers from the Office of Personnel Management and USDA's Departmental Administration account that are part of the President's government-wide management initiative for agencies to pay the full cost of

certain employee benefits. The explanatory notes provided to the Committee provide information on the comparable levels for these items in FY 2001 and FY2002.

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. And 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.

In FY 2001, technical assistance supported by Conservation Operations funds, enabled landusers to treat 9.6 million acres of cropland and 11.3 million acres of grazing land to the resource management system level (sustainable management). On 3.5 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. Overall, NRCS provided planning assistance on more

than 31.4 million acres of land in all uses and application assistance on more than 28.6 million acres.

In FY 2001, NRCS continued to assist producers to respond to the public's concerns about water quality, concerns that are continuing to result in the enactment of increasingly more stringent regulations addressing water quality at local, State, and Federal levels. We provided assistance to apply conservation systems to address water quality concerns on 14 million acres. Practices that were applied to help protect water quality included: 5.4 million acres of nutrient management; 1.2 million acres where irrigation water management was improved, and 524,343 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 2003 will enable NRCS to maintain our level of assistance to the basic needs of producers all across the country. It will also enable us to increase our attention to critical resource concerns, such as animal feeding operations and grazing lands.

Operators of animal feeding operations need increased assistance in order to respond to the public's growing concern that such operations pose a threat to the environment. NRCS has invested in technology development and training to ensure that agency and partner field staff are prepared to provide the help AFO operators need.

Ensuring that assistance is available to all AFO operators who need it will be a major challenge-- as many as 270,000 AFOs may need assistance. The President's budget provides Conservation Technical Assistance funds to increase AFO assistance, to the extent practicable.

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 FY 2001, NRCS provided technical assistance to land users on more than 18 million acres of private grazing land. Improved grazing land health on these lands will benefit society as well as the landowners. Healthy grazing lands mean reduced erosion, improved air quality, reduced potential for flooding, improved fisheries and aquatic systems, and healthy riparian areas. The plant cover on grazing lands can reduce the impacts of drought and sequesters millions of tons of carbon. The 2003 budget continues this important work.

Resource Conservation and Development

The President's budget also includes an increase for the Resource Conservation and Development Program. Through the RC&D program, NRCS works in partnership with local volunteers organized as Resource Conservation and Development Councils representing multi-county areas. Each council consists of public and private sector sponsors and other local organizations that represent a diverse cross-section of community interests. These local councils play a vital role in improving the quality of

life and standard of living in rural communities across the Nation. NRCS provides a coordinator and an office for each council. Currently a total of 368 RC&D areas serve more than 81 percent of the Nation's counties and more than 75 percent of the population. We have received applications from an additional 21 areas, and at least 10 other areas are forming across the Nation. The President's budget proposes funding of \$52.031 million for FY 2003 which would enable continued support of the 368 authorized areas.

For every dollar appropriated by Congress, the RC&D Councils provide an average of \$14 from other sources to carry out projects they have identified as critical to helping their communities socially and economically. RC&D reporting data for FY 2001 indicate that councils and their partners created 514 new businesses, helped expand 1,830 businesses, and financially assisted 1,099 businesses. An estimated 7,494 jobs were created through area projects. Efforts to improve natural resources resulted in improvement of 878,343 acres of wildlife habitat, improvement of 224,871 acres of lakes, and 5,038 miles of streams. Educational projects helped 283,249 people develop new skills. RC&D projects helped 778,350 economically or socially disadvantaged people.

Watershed Planning and Operations and Emergency Watershed Protection

The President's budget for FY 2003 proposes to eliminate Watershed Surveys and Planning, Watershed and Flood Prevention Operations, and the Watershed Rehabilitation Program. The budget requests funding for Emergency Watershed Protection (EWP) to provide assistance to local communities when disasters occur. EWP helps communities

reduce imminent hazards to life and property caused by flood, fires, windstorms, and other natural occurrences. Through EWP, NRCS provides technical and financial assistance for immediate cleanup and subsequent rebuilding of damaged areas and for restoration of stream corridors, wetlands, and riparian areas. Emergency work includes establishing quick-growing vegetation on denuded land, steeply sloping land, and eroding banks; opening dangerously restricted channels; repairing diversions and levees; and purchasing flood plain easements. Under EWP, NRCS also provides assistance in urban planning and site selection to the Federal Emergency Management Agency when FEMA is relocating communities out of the flood plain.

NRCS emergency watershed protection efforts have traditionally been dependent upon Congressional emergency supplemental appropriations enacted after an event has occurred. Over the past 10 years, these appropriations have averaged \$110 million annually. The President's budget for FY 2003 proposes to ensure more timely and effective response by providing an appropriation of \$ 111.389 million so that assistance can be on the way as soon as a disaster occurs.

Commodity Credit Corporation Funded Conservation Programs

Environmental Quality Incentives Program

EQIP provides producers and landowners with incentives to implement long-term, comprehensive conservation farm plans. The final 2003 level for EQIP will be set when

the new farm bill is passed. For planning purposes, the President's budget for ten year funding for Farm Bill programs assumes a \$1 billion level for EQIP in FY 2003.

Demand for EQIP has historically exceeded the available funding. In FY 2001, for example, total EQIP funding was \$199.9 million, whereas the funds requested totaled an estimated \$359.4 million. Of the 47,461 applications for program assistance received in FY 2001, only about 37 percent (17,684 applications) could be funded. The total unfunded backlog of EQIP applications is more than \$1 billion.

Two examples where EQIP technical and financial assistance is especially important are protecting the quality of water in the Colorado River and helping livestock producers protect the environment. The Nation still needs to reduce salt loading to the Colorado River by an additional 0.86 million tons per year to meet treaty obligations. Producers are willing to help achieve that goal, but they need technical assistance from NRCS to design and implement practical and effective conservation measures; and they need financial assistance. The current backlog of EQIP applications for salinity control measures reflects almost \$150 million in financial assistance.

The technical and financial assistance provided to operators of animal feeding operations through EQIP is an important supplement to the basic technical assistance provided through Conservation Operations. Because many comprehensive nutrient management plans include complex structures that are expensive to install and maintain, some producers simply can't implement them without financial assistance. The

President's 2003 budget will provide for financial and technical assistance under EQIP for AFO-related concerns in FY 2003.

Agricultural Management Assistance

This program, which was first implemented in FY 2001, provides technical and cost-share assistance in 15 states where participation in the Federal Crop Insurance program has historically been low. In FY 2001, NRCS administered \$8.3 million to provide assistance in improving water management, including irrigation water management; planting trees for windbreaks or water quality; and mitigating risk through diversification or resource conservation. The President's budget for FY 2003 assumes continued funding at the authorized level of \$10 million in total for the program.

Closing --- Partnership for Conservation

Mr. Chairman, as you know, conservation of the resources on the Nation's private land is a voluntary partnership effort that relies on many individuals, groups, and governmental entities working together to achieve common goals. The foundation of this effort is the traditional partnership between NRCS, local conservation districts, and state conservation agencies. Conservation districts are units of state or tribal government that are responsible for setting priorities and developing conservation programs for their area. They are operated by boards of locally elected officials who serve without salary. NRCS provides assistance on private lands through the districts. NRCS and state and local

employees in a field office work as a team, using the same case files and technical tools. District employees administer local and state conservation programs and help NRCS specialists in delivering Federal programs in the district. NRCS specialists provide assistance to achieve local priorities, deliver Federal programs, and help deliver state and local programs.

^ The most important members of this conservation partnership are the people who own the land and make the decisions about its use.

NRCS's role is to provide the infrastructure -- the foundation of science and technology that is essential to using natural resources productively while protecting their quality and an effective delivery system to make that knowledge available to those who need it in forms that are useful to them.

Conservation doesn't just happen. It takes all of us, including Congress, working together to make it happen. This concludes my statement. I will be glad to answer any questions.