

**Statement of Mark Rey
Under Secretary, Natural Resources and Environment
United States Department of Agriculture
Before the Senate Agriculture Appropriations Subcommittee
April 7, 2004**

Mr. Chairman and Members of the Committee, I am pleased to appear before you today to present the Fiscal Year (FY) 2005 budget and program proposals for the Natural Resources Conservation Service (NRCS) of the Department of Agriculture (USDA). I am grateful to the Chairman and members of this body for its ongoing support of private lands conservation and the protection of soil, water, and other natural resources.

Performance and Results

Mr. Chairman, before I highlight our funding request for FY 2005, let me assure you that we are continuing to work diligently in accountability and results measurement for the funds provided by Congress. I am proud of the strong efforts that NRCS has made on performance and making NRCS more accessible to farmers, ranchers and the general public. I believe we are offering value and accountability to both American taxpayers and to Congress. Our performance management system was recently featured in two publications that focus on government management and accountability.

In past testimony before this Subcommittee, I have discussed the excellent score that NRCS received in a measure of customer satisfaction for conservation assistance. This year, I am proud to report that NRCS was ranked as one of the best places to work in the federal government, including the highest score for a natural resource agency. The scores in the

report were derived from the Office of Personnel Management's government-wide 2002 Federal Human Capital Survey. Also, this year we have worked hard on the Program Assessment Rating Tool (PART) to evaluate and improve our performance measures with a focus on outcomes and results. As we move forward this fiscal year, and into FY 2005, we will continue to improve operations and accountability systems so that we may best serve our customers and protect and improve natural resources.

As you know, the NRCS is proposing a reorganization to improve its operational, technology support, and resource assessment functions to strengthen our ability to help America's farmers and ranchers reach their conservation goals and offer them the latest science-based technologies. We look forward to continue working with you to move forward with implementation.

Looking Ahead

The 2002 Farm Bill contained many new conservation programs designed to protect and enhance the environment. The Department continues to focus efforts on implementing the conservation programs in the Farm Bill. The 2005 President's budget request in the conservation area recognizes the importance of this task, as well as the need to continue to support underlying programs to address the full range of conservation issues at the national, State, local and farm levels.

The 2005 budget request for NRCS includes \$908 million in appropriated funding, and \$1.86 billion in mandatory CCC funding for the Farm Bill conservation programs, including \$1 billion for the Environmental Quality Incentives Program. The appropriation request

includes \$604 million for Conservation Technical Assistance, the base program that supports the Department's conservation partnership with State and local entities and the conservation planning needed to successfully implement farm bill programs.

The 2005 budget for NRCS will also enable the agency to maintain support for important ongoing activities such as addressing the problems associated with runoff from animal feeding operations and providing specialized technical assistance to land users on grazing lands.

Another element in the NRCS account structure is a Farm Bill Technical Assistance Account that will fund all technical assistance costs associated with the implementation of two Farm Bill conservation programs – the Conservation Reserve Program and the Wetlands Reserve Program. In 2005, this new appropriation account is requested at \$92 million.

Technical Assistance

Technical assistance funding for conservation programs has been the subject of ongoing discussion for several years and a topic of interest to this Subcommittee. We appreciate Congress taking steps to deal with the long-standing problem of technical assistance for Farm Bill conservation programs in the Consolidated Appropriations Act, 2003. The long term solution to the technical assistance issue is proposed in FY 2005 with the establishment of a new Farm Bill Technical Assistance account for CRP and WRP and dedicating resources for this purpose. This will allow the agency to provide more financial assistance to farmers and ranchers in the other mandatory farm bill programs.

Conservation Operations (CO). The 2005 budget proposes \$710 million for CO which includes \$582 million for Conservation Technical Assistance (CTA) and \$21.5 million for technical assistance targeted specifically for the Grazing Lands Conservation Initiative. This will continue the agency's activities that support locally led, voluntary conservation through the unique partnership that has been developed over the years with each conservation district. This partnership provides the foundation on which the Department addresses many of the Nation's critical natural resource issues such as maintaining agricultural productivity and water quality and leverages additional investment from non-Federal sources. The CTA budget will enable NRCS to maintain funding for ongoing high priority work.

Mr. Chairman, I believe that NRCS can continue and build upon this level of excellence, if they are provided the support and the resources as provided in the President's budget request.

Given the challenges presented in the Farm Bill, I suggest the following highest priority areas of emphasis:

- Provide adequate support for Conservation Reserve and Wetlands Reserve programs implementation through a separate Technical Assistance discretionary account.
- Further leverage assistance through our conservation partners and the new Technical Service Provider system. These new sources of technical assistance will complement our existing delivery system.
- Provide the support in the President's budget for Conservation Operations, with an emphasis on developing technical tools and streamlining efforts to gain efficiencies where possible.

Conservation Security Program

Mr. Chairman, I also want to take a few moments to highlight our work on the Conservation Security Program (CSP). A keystone of the 2002 Farm Bill conservation title, the CSP has the potential to revolutionize the way we approach conservation assistance. We have been working hard to design a program that is farmer friendly, provides demonstrable environmental benefits, and matches the funding available to operate the program.

There has been a lot of discussion here on Capitol Hill, and around farm production and conservation organizations about the amount of resources available for the program. Needless to say, this has been a moving target for those of us attempting to develop a program under ever-changing funding scenarios. At the time the President signed the Conservation Security Program into law, there was a Congressional Budget Office (CBO) estimate of \$2 billion over ten years attached to the CSP. As such, our Department began implementation discussions with that funding figure in mind.

Subsequently, the Omnibus Appropriations Act of 2003 (P.L. 108-7) transformed the CSP into a capped entitlement at \$3.773 billion over a 10-year period between FY 2003-2013. This change in statute led to further revisions of the CBO score. Most recently, the Omnibus Appropriations Bill for FY 2004 (P.L. 108-199) contains language that once again has impacted the funding authority for the Conservation Security Program. The FY 2004 Omnibus removed the \$3.773 Billion funding limitation for the program over 10 years, while establishing funding for the CSP at \$41.443 million for FY 2004.

Another challenge that the Department faced was how to implement CSP with a statutory cap on the amount NRCS could spend to pay for technical assistance. Language in the 2002 Farm Bill limits technical assistance spending to 15 percent. This statutory cap on technical assistance has driven NRCS to develop innovative information technology tools and technical assistance management techniques to help the agency implement CSP as widely, efficiently, and effectively as possible.

We have attempted to meet these challenges in the CSP proposed rule, by designing a program that is flexible enough to match whatever funding that Congress might approve for the program. The President's budget request will provide assistance to a large number of producers across the country. The budget's proposal of \$209 million represents the amount of assistance the Department will provide in one year to approximately 15,000 producers on millions of acres of crop and grazing land. We are proud of what we are accomplishing, and are looking forward to making CSP available to producers this year.

Mr. Chairman, in summary, we all know that we are trying to plan for the future under an atmosphere of increasingly austere budgets and with a multitude of unknowns on the domestic and international fronts. But I believe that the Administration's FY 2005 request reflects sound policy and provides stability to the vital mission of conservation on private lands. The budget request reflects sound business management practices and the best way to utilize valuable conservation dollars as we look forward to the future.

I thank Members of the Subcommittee for the opportunity to appear, and would be happy to respond to any questions that Members might have.