

**Statement of Mark Rey
Under Secretary, Natural Resources and Environment
United States Department of Agriculture
Before the Senate Agriculture Appropriations Subcommittee
May 15, 2003**

Mr. Chairman and Members of the Committee, I am pleased to appear before you today to present the Fiscal Year 2004 budget and program proposals for the Natural Resources Conservation Service (NRCS) of the Department of Agriculture (USDA). First, I would like to congratulate you Mr. Chairman in your new role for the subcommittee. I would like to express gratitude to Members of this body for ongoing support of private lands conservation.

Private Lands Conservation Gains

Mr. Chairman, in order to bring us to a common starting point and provide a context for the President's FY 2004 Budget Submission, I would like to take a moment to highlight some of the impressive gains in conservation that have been realized.

- Farmers and ranchers have reduced soil erosion on cropland and pasture by 1.2 billion tons from 1982 to 1997 alone.
- Landowners have reduced the loss of wetlands caused by agriculture to only 27,000 acres per year between 1992 and '97. That's down from nearly 600,000 acres a year in the 1950s, '60s, and '70s.
- Landowners have used the Wetlands Reserve Program to restore nearly one million acres of wetlands since 1991.
- They have used the Conservation Reserve Program to produce hunting and recreation benefits estimated at more than \$700 million per year.

- Since 1999, animal feeding operations have applied nutrient management on more than 5 million acres.
- They have installed 26,000 waste management systems and completed more than 11,000 Comprehensive Nutrient Management Plans.
- Through the Grazing Lands Conservation Initiative, owners of ranchland and pasture have developed grazing management plans for more than 80 million acres of grazing land since 1999.
- And farmers and ranchers are helping improve air quality by increasing the amount of carbon stored in the soil through a process known as “carbon sequestration.”

All of these accomplishments have led to cleaner air and cleaner water, and conservation of our soil. But there is much more our private landowners can do, with the assistance of government and of partners. USDA will help landowners by offering proper incentives, and pursuing the science and policies that are needed to create a market for the additional environmental benefits landowners can produce and want to produce.

The Administration is investing in private land conservation at an historic level to make this happen. The President’s budget for fiscal year 2004 includes a record \$3.9 billion dollars for conservation on our nation’s farmlands, more than double the funding level in the past two years.

Performance and Results

Mr. Chairman, before I provide the details of our future vision for FY 2004, I wanted to take a moment to mention our diligent work in accountability and results measurement for the funds provided by Congress last year. I am proud of the strong efforts that NRCS has made in the past year under the leadership of Chief Knight on performance and results as well as making NRCS more accessible to farmers, ranchers, and the general public. I believe we are offering greater value to taxpayers, and can demonstrate increased accountability to Congress as well.

For FY 2002, USDA received a clean audit opinion for all Department financial statements.

This clean rating was the result of our staff overcoming many hurdles such as ascertaining by appraisal the costs of real property, cleaning up years of neglect in personal property, accelerating month-end time tables in order to prepare reports, and correcting cash imbalances with the Department of Treasury. NRCS employees worked many nights and weekends to ensure the accuracy of reports and to correct state data that was in the system, leading to the unqualified opinion.

Looking Ahead

Mr. Chairman, last year at this time, we discussed the Administration's views for the future of agriculture policy and outlined several conservation provisions of *Food and Agriculture Policy: Taking Stock for the New Century*. A year later, virtually all of the Administration's conservation principles have been advanced in the form of the new Farm Bill. This Farm Bill represents historic opportunities, but it also represents a historic challenge for our natural resource professionals.

The 2002 Farm Bill contains many new conservation programs designed to protect and enhance the environment. The Department is now faced with the demanding task of implementing this Farm Bill which provides more than \$17 billion in new funding over the next 10 years. The 2004 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 level.

The 2004 budget request for NRCS includes \$1.2 billion in appropriated funding, and \$1.4 billion in mandatory CCC funding for the Farm Bill conservation programs, including \$850 million for the Environmental Quality Incentive Program. The appropriation request includes \$577 million for conservation technical assistance for the base programs that support the Department's conservation partnership with State and local entities. One new element in the NRCS account structure, proposed initially in a

2003 budget amendment, is a new Farm Bill Technical Assistance Account that will fund all technical assistance costs associated with the implementation of all the Farm Bill conservation programs. In 2004, this new appropriation account is requested at \$432 million.

The 2004 budget for NRCS will also enable the agency to maintain support for important ongoing activities such as addressing the problems associated with polluted runoff from animal feeding operations and providing specialized technical assistance to landusers on grazing lands. In addition, limited increases will be directed to other high priority activities such as addressing air quality problems in noncompliance areas.

Technical Assistance

Technical Assistance funding for conservation programs has been the subject of ongoing controversy for several years and a topic of interest to this Subcommittee. A FY 2003 Budget amendment provided a long-term solution to the technical assistance issue by establishing a new Farm Bill Technical Assistance account and dedicating additional resources for this purpose. While Congress rejected this proposal, we appreciate your taking proactive steps to deal with the long-standing problem of technical assistance for Farm Bill conservation programs in the Consolidated Appropriations Resolution for FY 2003. However, we believe that this legislation contains many deficiencies. As such, we would like to continue working with the Subcommittee on an approach that is mutually acceptable and beneficial.

Conservation Operations (CO). The 2004 budget proposes \$704 million for CO which includes \$577 million for Conservation Technical Assistance (CTA). 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 also 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 regiment that will provide more meaningful performance goals and measures for Farm Bill conservation programs.

Last year, I pointed out the excellent customer service ratings that NRCS staff has received from an independent analysis. Mr. Chairman, I believe that NRCS can continue and build upon this level of excellence, if they are given the right support and the needed resources as provided in the President's budget request.

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

- Provide adequate support for Farm Bill implementation through a dedicated Technical Assistance account.
- Further leverage assistance for our conservation partners and through the new Technical Service Provider system. These new sources of technical assistance will complement our existing delivery system.
- Ensure adequate support for Conservation Operations, with an emphasis on developing technical tools and streamlining efforts to gain efficiencies where possible.

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 2004 request reflects sound policy and will provide a greater level of stability to the vital

mission of conservation on private lands. The budget request reflects sound business management practices and the best way to work for the future and utilize valuable conservation dollars.

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