

**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 Fiscal Year (FY) 2006 Budget request for the Natural Resources Conservation Service (NRCS).

As we look ahead to FY 2006, and the contents of the Administration's Budget request, I want to take a moment to reflect upon all of the changes that have taken place within NRCS over the past year. Since I last appeared before this Subcommittee, a great deal of organizational change, streamlining, and improvements have taken shape.

To begin, we have a new Associate Chief of NRCS, Dana D. York. Dana began her new position in August, and is a wonderful addition to our management team. She has spent more than 28 years working for NRCS at every level, including experience as a District Conservationist in the field. She also has a breadth of experience on managing organizational change, which is a timely skill, given the major organizational changes that NRCS has embarked upon over the past 18 months.

## Agency Reorganization

Mr. Chairman, since our last hearing with this Subcommittee, we also have three Regional Assistant Chiefs on board at NRCS National Headquarters. Richard Coombe is heading up operations for the East Region; Merlin Bartz for the Central Region, and Sara Braasch for the West Region. The Regional Assistant Chiefs are providing leadership excellence in management for their respective States. They are also providing a critical link directly between the functions of National Headquarters and our Agency field activities.

Overall, the NRCS reorganization is strengthening our support to States, better aligning expertise with applied conservation, and making NRCS a more efficient and effective organization. In September, we launched our three new National Technology Support Centers in Greensboro, North Carolina; Fort Worth, Texas; and Portland, Oregon. The Centers are providing integrated technological support and expertise for field conservationists. We have also reorganized National Headquarters to ensure that comparable functions are appropriately assigned to staff with similar expertise. For example, we now have a single Easement Programs Division, and a single Financial Assistance Programs Division to ensure that we have the right people working together to meet common program objectives. In general, these changes are helping to ensure that hard work from our staff is translating to work on the ground.

I am proud of how NRCS staff, at all levels, has responded to the major organizational changes made over the past year. More than 130 employees impacted by the

reorganization have moved into their new assignments. Although this process was not easy and, required many careful steps and planning, it has gone remarkably well. We are now in a position to realize the benefits of the new organizational structure.

Like most Federal agencies, NRCS face a retirement bulge with 35 percent of our natural resource professionals eligible to retire in the next five years. To ensure we have capable professionals in the future, we piloted the Conservation Boot Camp. New employees spent six weeks learning conservation planning and application skills. We plan three additional pilots this year. The goal of the pilots is to enable the agency to maintain its cadre of professional employees well into the future.

### **Performance Under Pressure**

Given the shifts that have taken place over the past year, I think the agency's accomplishments are all the more impressive. Last year, NRCS and our partners:

- Provided technical assistance on over 27 million acres of working farm and ranch land to reduce erosion, sedimentation and nutrient runoff, enhance water quality, restore and create wetlands, and improve and establish wildlife habitat;
- Developed 6,100 comprehensive nutrient management plans and applied 3,400;
- Served nearly 3.8 million customers around the country;
- Completed or updated soil survey mapping on 28 million acres;
- Executed over 47,000 Environmental Quality Incentives Program agreements;
- Enrolled over 3,000 Wildlife Habitat Incentives Program agreements;

- Helped land managers create, restore, or enhance wetlands through more than 1,000 contracts;
- Implemented the new Conservation Security program under a tight deadline;
- Facilitated over one million hours of Earth Team volunteer service; and
- Brought the number of proposed, interim final, and final rules issued for implementation of the Farm Bill to 21.

As we move forward in FY 2005, there are numerous challenges and opportunities ahead, with NRCS playing a central role in meeting the Administration's conservation objectives. We look to you to build upon the fine accomplishments achieved this year to reach an even brighter future.

### **Increasing Third-Party Technical Assistance**

With the historic increase in conservation funding made available by the 2002 Farm Bill, NRCS will continue to look to non-Federal partners and private technical service providers (TSPs) to supply the technical assistance needed to plan and oversee the installation of conservation practices. I am proud to report that as of the beginning of March 2005, there are 2,201 TSPs registered with NRCS. Last year, we set the goal to use \$40 million in TSP assistance. NRCS surpassed this goal for FY 2004 and obligated \$49.2 million for TSPs. In FY 2005, our goal is to reach \$45 million for TSPs, or an equivalent of 428 staff years.

## **Transparency**

Transparency of agency operations is an area that I have highlighted in the past, and I want to be clear that it remains a key focus of NRCS. NRCS has made tremendous gains in providing complete access to program information, allocations, backlog, and contracting data to the public. Our goal has been to ensure operational processes are completely open to customers and stakeholders. On the NRCS website, the Agency provides the following information:

- State rankings for funding in conservation programs;
- State Field Office Technical Guides;
- Program performance data; and
- Public input sessions to gather feedback on Farm Bill program operation and priority setting.

NRCS has also taken strides to improve access to information in foreign language formats, including many publications offered in Spanish.

## **Discretionary Funding**

The President's FY 2006 Budget request for NRCS reflects our ever-changing environment by providing resources for the ongoing mission of NRCS and ensuring that new opportunities can be realized.

## **Conservation Operations**

The President's FY 2006 Budget request for Conservation Operations (CO) proposes a funding level of \$767.8 million, which includes \$625.6 million for Conservation Technical Assistance (CTA). The CTA budget will enable NRCS to maintain funding for ongoing high-priority work. In addition, the President's Budget request includes an increase of \$37.2 million for technical assistance to agriculture producers facing significant regulatory challenges. This budget initiative would be targeted toward animal feeding operations in need of Certified Nutrient Management Planning (CNMP) assistance. The Budget request does not fund continuation of FY 2005 congressional earmarks.

Mr. Chairman, for years we have stated that CTA is a program that is at the heart of everything our Agency does. But as an Agency, we have had a great deal of difficulty, up to this point, describing the program's scope and effect and providing clear guidelines to our frontline conservationists on its implementation.

I am pleased to report that NRCS was successful this year in issuing a formal program policy for CTA. For the first time in 70 years, CTA has the same kind of official program guidance and specific implementation framework as our other programs. We are also working to revise the allocations process for CTA in order to ensure that we reflect the values in the CTA program policy by placing our dollars where the needs are. It is key that allocations reflect natural resource conditions and the drive to meet our strategic planning objectives and accountability. Our aim is to have the new allocation formula in place upon enactment of the FY 2006 Appropriations Bill.

We have made great strides in developing an effective accountability system with the support of Congress. This system has allowed us to accurately track our accomplishments and costs. As Undersecretary Rey outlined in his statement, this is the first budget that truly integrates an entire cycle in terms of utilization of our direct charge data. Based upon the current mechanisms in place for funding discretionary and mandatory program technical assistance, it is necessary to have sound data for workload in field offices. Our direct charge accounting, along with the workload assessment tools that we have in place, are providing the solid data to help us make program management decisions and to assist in the budget development process. For instance, with this data we can tell you that the cost of technical assistance per active participant in the Farm Bill Programs has decreased 13 percent from FY 2002 to FY 2005.

### **Watershed Surveys and Planning**

The Watershed Surveys and Planning (WSP) account helps communities and local sponsors assess natural resource issues and develop coordinated watershed plans that will conserve and utilize their natural resources, solve local natural resource and related economic problems, avoid and mitigate hazards related to flooding, and provide for advanced planning for local resource development. This includes Floodplain Management Studies, Cooperative River Basin Studies, Flood Insurance Studies, Watershed Inventory and Analysis, and other types of studies, as well as PL-566 Watershed Plans.

Over 65 percent of these plans are used to guide local planning efforts. The other 35 percent guide experts and sponsors in the implementation of watershed projects to solve natural resource problems.

The President's FY 2006 Budget proposes to focus funding on ongoing WSP efforts and includes \$5.1 million to help approximately 40 communities complete their watershed planning efforts.

### **Watershed and Flood Prevention Operations**

The Administration proposes to terminate funding for Watershed and Flood Prevention Operations (WFPO) in FY 2006 for several reasons.

The Administration compared the benefits and costs of three Federal flood damage reduction programs operated by NRCS, the Corps of Engineers, and the Federal Emergency Management Agency.

The analysis found that the WFPO program provided the least net flood damage reduction benefits.

This decrease in funding in WFPO account will enable the Administration to divert limited resources to other priorities such as accelerating technical assistance to help agricultural producers meet regulatory challenges, particularly in the area of helping them to manage livestock and poultry waste.



Mr. Chairman, I would note that the projects that were earmarked for this program had funding requests that exceeded the amount appropriated, which has removed the Department's ability to effectively manage the program. The intense level of Congressional directives does not permit the Agency to prioritize projects based upon merit and local need. The fact that the program is entirely earmarked also makes it impossible for the Department to attempt to coordinate program efforts and implement work that will meet overall strategic natural resource goals.

### **Watershed Rehabilitation**

The President's Budget funding request for FY 2006 includes funding for Watershed Rehabilitation activities involving aging dams. These projects involve dams with a high risk for loss of life and property. To date, 134 watershed rehabilitation projects have been funded and 37 have been completed. Sixty-six dams have rehabilitation plans authorized and implementation of the plans is underway.

The Administration requests \$15.1 million to address critical dams with the greatest potential for damage.

### **Resource Conservation and Development**

The purpose of the Resource Conservation and Development (RC&D) program is to encourage and improve the capability of State, local units of government, and local nonprofit organizations in rural areas to plan, develop, and carry out programs for resource conservation. NRCS also helps coordinate available Federal, State, and local programs

that blend natural resource use with local economic and social values. Over half of the 375 RC&D areas have received Federal support for at least 20 years. At this point, most of these communities should have the experience and capacity to identify, plan for, and address their local priorities. The President's FY 2006 Budget, therefore, proposes to phase out Federal support for local planning councils after 20 years of funding assistance after which the local councils should have the capability to carry out much of the program's purpose themselves. The overall proposed budget for RC&D in FY 2006 is \$25.6 million.

### **Farm Bill Authorized Programs**

#### **Environmental Quality Incentives Program**

The purpose of Environmental Quality Incentives Program (EQIP) is to provide flexible technical and financial assistance to landowners that face serious natural resources challenges that impact soil, water, and related natural resources, including grazing lands, wetlands, and wildlife habitat management. The budget proposes a level of \$1 billion for EQIP.

Over the past year, NRCS fully implemented a new agency developed system, ProTracts, to speed up the processing of conservation contracts with farmers and ranchers. ProTracts, which came about as part of the West Texas Telecommunication Pilot, has allowed the Agency to streamline the contracts process and, for the first time, see the ongoing status of contracts, not just the payments. ProTracts allows program managers to manage payments and obligations for a portfolio of different contracts. We estimate savings of \$5 to

\$10 million annually in administrative costs that can be used to get financial assistance to farmers to implement conservation programs. Because the contract process is now electronic instead of paper, it speeds up the time between contract application and approval. While reducing errors on omissions, NRCS worked with the Office of the Chief Financial Officer to link ProTracts to prior-year EQIP payments. The Agency is currently migrating and reconciling EQIP contracts.

### **Wetlands Reserve Program**

Wetlands Reserve Program (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 enrollment cap to 2,275,000 acres. The FY 2006 Budget request estimates that about 200,000 additional acres will be enrolled in FY 2006, an appropriate level to keep NRCS on schedule to meet the total acreage authorization provided in the Farm Bill.

I would note, Mr. Chairman, that on Earth Day last year, President Bush announced a new policy: “Instead of just limiting our losses (of wetlands), we will expand the wetlands of America.” “No- net loss of wetlands” on the part of agriculture is a landmark achievement, and a testament to the kinds of investments made in wetlands conservation on private lands. I am proud that NRCS’ wetland conservation efforts are at the core of

this initiative, and I look forward to working with the Subcommittee toward achieving the goals.

### **Grassland Reserve Program**

The 2002 Farm Bill authorized the Grassland Reserve Program (GRP) to assist landowners in restoring and protecting grassland by enrolling up to two 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 FY 2003 – FY 2007. Because we estimate that GRP will reach the statutory funding cap by the end of FY 2005, the FY 2006 Budget assumes that the program will have exhausted its funding and not be able to enroll new contracts next year.

### **Conservation Security Program**

Conservation Security Program (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.

Last year, we conducted a successful program signup in 18 watersheds across 22 States. Nearly 2,200 farmers and ranchers entered contracts that covered 1.9 million acres of privately-owned land. We are now offering the program in 220 new watersheds across the

country in addition to the 18 that were eligible in 2004. Each State has at least one participating watershed. The President's FY 2006 Budget requests \$273.9 million in program funding to continue to expand the program and enroll excellent conservation stewards.

### **Wildlife Habitat Incentives Program**

Wildlife Habitat Incentives Program (WHIP) is a voluntary program that provides cost-sharing for landowners to apply an array of wildlife practices to develop habitats that will support upland wildlife, wetland wildlife, threatened and endangered species, fisheries, and other types of wildlife. The budget proposes a funding level for WHIP of \$60 million.

### **Farm and Ranch Lands Protection Program**

Through Farm and Ranch Lands Protection Program (FRPP), the Federal Government establishes partnerships 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 budget proposes a level of \$83.5 million for FRPP in FY 2006.

## **Measuring Outcomes not Outputs**

One of the most common questions that I have answered during my tenure as Chief is about measuring the natural resource outcomes of NRCS efforts. Rightfully so, policy-makers, such as Members of this Subcommittee, as well as conservation and farm organizations, have voiced a need for better information about the kinds of changes in water and soil quality as a result of the investments we have made.

Six months ago, we launched an exciting endeavor to better quantify the on-the-ground effects of our conservation work. The Conservation Effects Assessment Project (CEAP) is a five-year effort to better quantify the outcomes of our programs. Through CEAP, NRCS is partnering with the Agricultural Research Service (ARS), the National Agricultural Statistics Service (NASS), Farm Service Agency (FSA), and other agencies to study the benefits of most conservation practices implemented through the Environmental Quality Incentives Program, Wetlands Reserve Program, Wildlife Habitat Incentives Program, Conservation Reserve Program, and the Conservation Technical Assistance program. This project will evaluate conservation practices and management systems related to nutrient, manure, and pest management, buffer systems, tillage, irrigation, and drainage practices, as well as wildlife habitat establishment, and wetland protection and restoration. CEAP will provide the farming community, general public, legislators, and others with a scientifically based estimate of environmental benefits achieved through conservation programs.

## **Conclusion**

As we look ahead, it is clear that the challenges before us will require the dedication of all available resources – the skills and expertise of the NRCS staff, the contributions of volunteers, and continued collaboration with partners and Technical Service Providers.

I am proud of the dedicated work ethic our people exhibit day in and day out as they go about the work of getting conservation on the ground. We have achieved a great deal of success. We need to focus our efforts and work together, 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 we move ahead in this endeavor.

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