

**STATEMENT OF MARK REY
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U.S. DEPARTMENT OF AGRICULTURE
BEFORE THE HOUSE APPROPRIATIONS COMMITTEE
SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND
DRUG ADMINISTRATION, AND RELATED AGENCIES**

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Madam Chairwoman and members of the Subcommittee, I am pleased to appear before you today to present the fiscal year (FY) 2008 budget and program proposals for the Natural Resources Conservation Service (NRCS) of the Department of Agriculture (USDA). I am grateful to the Chairwoman and members of this Subcommittee for the ongoing support of private lands voluntary conservation and the protection of soil, water, and other natural resources.

Farmers, ranchers, and other private landowners across America play a vital role in conserving our Nation's soil, water, air, and wildlife resources, while producing abundant food and fiber. More than 70 years of "helping people help the land" gives NRCS a firm foundation to meet the challenge of balancing production agriculture with resource conservation. For FY 2008, the President's Budget meets that challenge by recommending approximately \$2 billion in mandatory funding to expand participation in Farm Bill conservation programs carried out by NRCS.

President's Fiscal Year 2008 Budget

The President's FY 2008 budget request for NRCS provides resources for the ongoing mission of NRCS, while ensuring that new challenges faced by landowners can be addressed.

Because of the overriding need to reduce the deficit, NRCS, like every Federal agency, will share in the responsibility of controlling Federal spending. There are proposals in the FY 2008 Budget that will produce savings in both the mandatory and discretionary accounts. These savings will enable the Administration to target funding based on need and program results.

With that said, the President's FY 2008 budget request for NRCS recognizes the vital role that natural resource conservation plays in furthering America's conservation efforts. Without productive soil, clean water and air, and farmers and ranchers who can make a living off the land, the United States would not be the strong Nation it is today.

The FY 2008 budget request for NRCS provides \$2.8 billion in total funding, with \$824.8 million in discretionary funding, and \$2 billion in mandatory funding, including \$1 billion for the Environmental Quality Incentives Program.

Also on the mandatory side, the Budget request includes an increase of \$173 million for the Wetlands Reserve Program (WRP) to enroll an additional 250,000 acres and will

bring total cumulative enrollment to the authorized enrollment cap of 2,275,000 by the end of FY 2008. This represents an investment of \$455 million for WRP.

WRP is the principal supporter of the President's Wetlands Initiative to restore, protect, and enhance 3 million acres of wetlands over a 5-year period that began in June 2004.

WRP contributes roughly one-third of all the acres toward the goals of the President's Wetlands Initiative.

The appropriation request includes \$678.9 million for the Conservation Technical Assistance (CTA) Program, which is the core program that supports the Department's conservation efforts with State and local entities, and provides for the conservation planning and decision support needed to successfully implement Farm Bill conservation programs.

Fiscal Year 2007 Farm Bill Proposal

We propose to increase mandatory conservation funding by \$7.8 billion over 10 years.

This is a significant and needed investment to manage and preserve our natural resources.

We also propose to streamline and consolidate like programs to improve efficiency and decrease the complexities for participants.

Environmental Quality Incentives Program (EQIP)

We would consolidate existing cost-share programs, including the Wildlife Habitat Incentives Program, into a newly designed EQIP that continues and expand restoration and enhancement of fish and wildlife habitat as a program purpose. Additionally, we propose an increase of \$4.2 billion over the ten-year baseline for this important program. Within the increased EQIP funding, we recommend a new \$1.7 billion Regional Water Enhancement Program to address water conservation and water quality projects at the watershed or irrigation basin level.

Private Land Protection Program (PLPP)

We consolidate and streamline our working lands easement programs into one PLPP and increase funding by about \$900 million over the ten-year baseline. This new performance based program will use a wide-range of tools to achieve water quality and quantity objectives. This proposal eliminates redundancy and overlap that result in confusion among producers and less environmental benefit per dollar invested. This proposal will also continue efforts to protect and restore native grasslands and important fish and wildlife habitat.

Conservation Security Program (CSP)

We propose increasing the funding for CSP -- actually smoothing out the baseline and adding \$500 million over ten-years. Our proposal modifies the program to emphasize incentives for implementing higher levels of conservation practices, including practices

benefiting fish and wildlife. The higher cap on funding will allow USDA to open the program to nationwide enrollment and expand its current 15.5 million acres to an estimated 96.5 million acres over the next 10 years. Additionally, we propose reducing the complexity of the program and increasing the level of conservation by moving from three tiers to two; removing base, maintenance, and cost-share payments; and allowing the program to reward the best stewards in the nation. These changes would continue to protect the program from World Trade Organization challenges, result in more equity in the availability and distribution of the program, and provide a greater environmental return.

Wetland Reserve Program (WRP)

This Administration is committed to wetlands as you know, and we propose reauthorizing and increasing WRP funding by \$2.1 billion and increasing the maximum enrollment to 3.5 million acres.

Conservation Reserve Program (CRP)

We reauthorize CRP with added focus on the most environmentally sensitive areas. We also recommend giving priority within whole field enrollments to lands utilized for biomass cellulosic ethanol production.

Market-based Approach to Conservation

We recommend authorizing USDA and other federal agencies to accelerate the development of private markets for the trading of ecosystem benefits associated with

conservation. The proposal would help to ensure that environmental goods and services produced by agriculture and forest can be used as offsets in regulatory, voluntary partnership and incentive programs consistent with existing law and regulation. Additionally, existing programs should be amended to allow for market-based and price discovery mechanisms, such as bidding and reverse auctions.

Building Strong Accountability Measures

In the current budget environment, it is more important than ever to continue working diligently on accountability and result measurements for the funds provided by Congress. Madam Chairwoman, I am proud of the great strides NRCS has made in the past year on this effort as well as on making NRCS information more accessible to farmers, ranchers, and the general public. NRCS has taken bold steps to address all the challenges identified as a result of the Office of Management and Budget's Program Assessment Rating Tool (PART) scores for various conservation programs. The Agency has used these assessments to develop long-term outcome based performance measures to become even more results oriented, and to improve the efficiency of programmatic operations.

Meeting the President's Management Agenda is critical to all of us at USDA. Linking program allocations to program requirements, performance, and accountability measures helps both the Administration and Congress make the most informed budget decisions.

American Customer Satisfaction Index (ACSI) Results

Madam Chairwoman, in past testimony before this Subcommittee, I have discussed the excellent scores NRCS received in a measure of customer satisfaction for conservation assistance. In order to reinforce the Agency's commitment to customer service, NRCS contracted with the Federal Consulting Group using the American Customer Satisfaction Index (ACSI) methodology to survey and analyze customer segments for selected programs. The ACSI is a national indicator of customer satisfaction.

I am proud to report that according to the ACSI, overall satisfaction with NRCS program delivery for those programs evaluated was typically higher than ACSI scores for the Federal Government sector. NRCS ACSI score are also comparable or higher than some national well-known private company's scores. For example, in 2006 the Holiday Inn (InterContinental Hotels Group PLC) scored 72, Starbucks Corporation scored 77, McDonald's Corporation scored 63 and Motorola, Inc. scored 71.

The aggregated index for the Federal Government in 2006 is 72.3 and the Private Sector is 74.4. Nine of the 11 NRCS programs evaluated so far have scored above the Federal Government and Private Sector Aggregated Indexes.

Program	Score	Year
Conservation Technical Assistance (CTA)	81	2001
Wildlife Habitat Incentives Program (WHIP)	77	2004
Environmental Quality Incentives Program (EQIP)	75	2004
Snow Survey and Water Supply Forecasting	77	2005
Conservation Security Program (CSP)	76	2005
Plant Materials Center (PMC)	83	2007
National Resources Inventory	57	2007
Soil Survey Program	79	2007
Technical Service Providers (TSP)	78	2007
Wetlands Reserve Program (WRP)	69	2007
Conservation Technical Assistance (CTA)	79	2007
Federal Government Aggregated Index	72	2006

One of the consistent drivers of satisfaction with NRCS programs has been the staff and their one-on-one interaction with customers. The ACSI results identify NRCS staff and the technical assistance provided as a strength that should be leveraged in order to continue the tradition of customer-focused program delivery.

Streamlining for Conservation Gains

NRCS continues to make strides in streamlining operations. In this process, the Agency is striving to keep the administration of conservation programs as lean as possible. We are doing that by:

- Streamlining the payment process;
- Building our eGovernment infrastructure, including eForms, and the programmatic information Web site;
- Reducing required paperwork for customers through a common computer database in USDA Service Centers;
- Streamlining program forms that are used, trying to be more consistent between like programs such as the easement programs, and consolidating program manuals when possible;
- Revising program allocation formulas to distribute funds to States on natural resource-based methodologies;
- Implementing an automated application evaluation and ranking tool for cost-share programs;
- Establishing a process for rapid watershed assessments to provide initial estimates of where conservation investments can best address resource concerns; and,
- Continuing to place programmatic and technical information available on the Agency's Web site to give our employees and customers access to the latest, high-quality information.

Accelerating Conservation Implementation

Accelerating conservation implementation is essential. We are working proactively to get the conservation cost-share contracts and conservation easements the Agency has signed with farmers and ranchers completed so we can help them get the conservation on ground. At the same time, we are aware of the realities of farm economics and ensuring the conservation practice they apply make economic sense. Conservation is a wise investment in the future of our country's healthy soil, clean water, and abundant wildlife; but practicing good conservation also makes good economic sense.

Strategic Planning for the Future

I am proud of the accomplishments NRCS achieved in FY 2006. In FY 2005, NRCS initiated an aggressive strategic planning process to chart their future. The strategic planning process incorporated internal and external assessments of natural resources, human capital, civil rights, and other issues. This plan, completed in FY 2006, refines and builds on the goals and successes of its predecessors. It is a comprehensive roadmap to guide the Agency over the next 10 to 20 years.

The plan introduced a new mission statement, "helping people help the land." This mission, and an accompanying vision statement, articulates the Agency's role to assist private landowners and solidify the essential connection between retaining a viable agricultural presence on the landscape and sustaining a healthy environment.

Conclusion

Madam Chairwoman, in summary, I believe that the Administration's FY 2008 Budget request reflects sound policy, and will provide stability to the vital mission of voluntary 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 efficiently and wisely.

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