

**STATEMENT OF BRUCE I. KNIGHT, CHIEF  
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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  
MARCH 29, 2006**

Thank you for the opportunity to appear before you today to discuss our fiscal year (FY) 2007 budget request for the Natural Resources Conservation Service (NRCS).

As we look ahead to FY 2007, and the contents of the Administration's budget request, I want to take a moment to reflect upon the successes that NRCS has faced in the past year and what we are doing to move the Agency forward. It has been a productive year for NRCS, our partners, and landowners across America. We have assisted landowners to treat over 42 million acres of conservation and develop over 4,400 Comprehensive Nutrient Management Plans (CNMP). This brings the total CNMPs applied with NRCS support since 2002 to more than 14,000. In addition, last year NRCS and our partners:

- Served nearly 3.8 million customers around the country;
- Completed or updated soil survey mapping on 31.2 million acres, of which, 1.8 million acres were on Native American or Native Alaskan lands;
- Conducted a comprehensive study of technical assistance, reaffirming the intrinsic value of scientifically based tools and activities including developing conservation plans and encouraging a knowledge-based approach to conservation;
- Committed to over 49,000 Environmental Quality Incentives Program (EQIP) contracts for multi-year conservation obligations;
- Enrolled over 3,300 Wildlife Habitat Incentives Program (WHIP) contracts;
- Expanded the Conservation Security Program nationwide to recognize outstanding land stewards and enable them to do more;
- Helped land managers create, restore, or enhance more than 284,000 acres of wetlands primarily through WRP;
- Facilitated nearly 1 million hours of Earth Team volunteer service; and
- Registered over 2,500 Technical Service Providers to assist in conservation planning and implementation efforts, obligating \$52.7 million in FY 2005. This provided the equivalent of 520 staff years to attain additional conservation achievements.

As we look ahead to this year and beyond, we will direct our efforts toward ensuring that all of the potential conservation gains are fully realized. What I mean by that is NRCS will be focusing on fine-tuning our business tools and solidifying the progress we have made in working with farmers and ranchers across America to implement conservation programs. We want to make sure everything works smoothly—for our employees and our customers. We want our decisions and processes to be transparent. We want to be even more efficient, effective and focused on meeting our customers' needs.

## Helping People Help the Land

For over 70 years, NRCS has been committed to locally led, voluntary cooperative conservation. Last year, one of our district conservationists from Iowa suggested that we describe our mission as “helping people help the land.” The phrase is succinct and it effectively describes what we do, so our Agency has adopted “helping people help the land” as our new mission statement.

### New Strategic Plan

In FY 2005, NRCS initiated an aggressive strategic planning process to develop a roadmap to guide the Agency over the next 10 to 20 years. This new NRCS Strategic Plan refines and builds on the goals and successes of past plans; and directly supports the new U.S. Department of Agriculture (USDA) Strategic Plan. The NRCS plan was developed around three foundations:

- Agency customers;
- Agency business lines and associated products and services; and
- Priority and newly emerging natural resource conservation issues.

The new plan emphasizes three overarching strategies – cooperative conservation, the watershed approach, and market-based approaches to conservation. These complementary strategies will be used effectively to assist private landowners manage their lands and resources to achieve national natural resource goals and objectives.

The plan includes six mission goals oriented toward existing and emerging natural resource challenges. Three are Foundation Goals which reflect long-standing conservation priorities and include: high quality, productive soils; clean and abundant water; and healthy plant and animal communities. Also, new in this plan are three Venture Goals that reflect emerging areas of natural resource interest, posing challenges for niche definition and capacity building. The Venture Goals include: clean air, an adequate energy supply, and working farm and ranch land preservation.

Even though the agency’s new strategic plan has not yet been implemented, there are things that we are doing already to make this plan operational. We have integrated the concepts of business lines and new Agency goals in our FY 2006 business planning process. Our Strategic Human Capital Plan has adopted the strategic plan as a framework, ensuring that succession planning aligns with the Agency’s long-term goals and objectives. We are emphasizing cooperative conservation and market-based and watershed approaches in our programs, such as in the Cooperative Conservation Partnership Initiative and Conservation Innovation Grants that offer competitive grants to a broad and diverse array of potential customers.

## **Human Capital Strategic Plan**

NRCS is in the process of developing a Human Capital Strategic Plan to help us focus on the future workforce of our Agency. Over the next 5 years, more than half of Federal employees are eligible to retire. This pool of potential retirees includes highly skilled key personnel such as our engineers, hydrologists, soil scientists, and agronomists, just to name a few. Because of the importance of these disciplines to our organization, it is vital that we have a strategy in place to fill-in behind these employees and provide the high level of expertise that our customers have come to expect. We will develop this plan to address the potential loss of so many employees and to compete for talent in a shrinking pool of candidates; primarily due to generational changes in employment trends, and shifts in academia from agriculture related disciplines to more ecology and ecological related degrees. We need a strategy that will continue to make NRCS the “employer of choice” for highly skilled individuals interested in serving in voluntary conservation.

### **Emphasis on Energy**

One of the issues facing many farmers today is the high cost of fuel, fertilizer and other energy-related inputs. In early December 2005, Secretary Johanns announced the USDA Energy Strategy, which is a concerted effort to look at both reducing demand for oil and natural gas and increasing supply through bio-fuels.

To assist in this effort, NRCS has developed the three-click Energy Estimator Tool, which helps farmers and ranchers determine how much they could save by switching from conventional tillage to no-till or another reduced tillage system.

I am pleased to announce that we recently released a Nitrogen Estimator Tool. Farmers can use this tool to better estimate how much nitrogen they are applying on the ground in order to better manage and minimize the amount of fertilizer applied. A large part of fertilizer costs relate to energy; this tool can help result in a net savings for farmers and ranchers that apply the technology.

Beyond these two tools, the Agency is also working on an Irrigation Estimator Tool to help show water savings garnered by switching to less intensive water conservation practices.

The Agency is working on an enhancement that would help farmers figure out how much they could save through improved irrigation systems. A second enhancement will enable producers to predict their savings by switching from fossil fuel fertilizer to animal manure.

### **Web Based Soil Survey**

One of the fundamental building blocks of conservation is knowledge. We know that farmers, ranchers, contractors, and homeowners need sound data about the land where they live. In continued efforts to make conservation data as transparent and available as possible, we launched a Web Soil Survey to make soils data available upon demand

through the internet. Soil survey maps and related information are available online for more than 95 percent of the Nation's counties.

As we move forward in FY 2006, there is some innovative technology that can help farmers and ranchers realize even bigger gains in their conservation efforts. We look forward to building upon the technology foundation achieved this year to implement even more voluntary conservation on America's private lands.

### **Discretionary Funding**

The President's FY 2007 budget request for NRCS reflects our ever-changing environment by providing resources for the ongoing mission of NRCS and ensuring that new opportunities are realized.

### **Conservation Operations**

The President's FY 2007 budget request for Conservation Operations (CO) proposes a funding level of \$745 million, which includes \$634.3 million for Conservation Technical Assistance (CTA), \$89.3 million for Soil Surveys, \$10.6 million for Snow Surveys, and \$10.7 million for the 26 Plant Materials Centers. As in past requests, the Budget does not fund continuation of FY 2006 congressional earmarks.

Mr. Chairman, while for years we have stated that CO is the heart of everything our Agency does, we need to do a better job describing the program's scope and effect. The Office of Management and Budget's Program Assessment Rating Tool (PART) process has been an important step in developing meaningful, quantifiable long-term performance measures. This review has helped the Agency streamline the program and focus on national priorities in FY 2005 including, development of CNMPs that will help landowners meet regulatory challenges; reduction of non-point source pollution (nutrient, sediments, pesticides, or excess salinity); reduction of emissions, such as particulate matter, that contribute to air quality impairment; reduction of soil erosion from agricultural lands; and promotion of at-risk species habitat conservation.

Mr. Chairman, I am pleased to report that in FY 2005, NRCS developed and implemented the first comprehensive CTA Program policy that improves transparency and clarifies the program's mission in an era of increased accountability. This year, NRCS revised the allocation process for the CTA Program to ensure that dollars go where the needs are greatest. This new methodology will provide a more transparent allocation that addresses resource issues. The new allocation formula also aligns with the new CTA policy and national priorities, and integrates program performance measures that were developed in the PART process.

In addition, this year we had nine states participate in NRCS' first conservation planning sign-up. This is a pilot initiative that emphasizes the importance of conservation planning to help producers be better prepared to apply for conservation programs and to comply with Federal, State, tribal and local governmental regulations. The sign-up enabled

landowners to plan more realistically to implement practices and apply for conservation programs in a more comprehensive approach.

All of these improvements will ensure that the most pressing conservation needs on America's private lands are addressed and will help NRCS meet its strategic planning objectives and improve accountability.

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

Through the Watershed Protection and Flood Prevention Operations program that NRCS administers, our employees work in partnership with local leaders to improve the overall function and health of the Nation's watersheds. Each project developed under this program has a specific purpose and benefit; most address a primary purpose of flood control, while other project benefits include upland conservation practices that address a variety of natural resources needs such as water quality improvement, soil erosion control, animal waste management, irrigation, water management, water supply development, and recreation enhancement. However, the Administration proposes to terminate funding for WFPO in FY 2007 for several reasons.

First, the decrease in funding in the WFPO will enable the Administration to focus limited resources to other higher priority conservation programs. It is expected that those high-priority watershed projects not yet completed will continue to receive strong local support from project sponsors, and that progress on them will continue to be made.

In 2004, 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 of the three programs, the WFPO program provided the least net flood damage reduction benefits.

Mr. Chairman, I would also note that the amount of funding earmarked by Congress for this program nearly equaled the amount appropriated. This seriously hampers the Department's ability to effectively manage the program, and does not permit the Agency to prioritize projects based upon merit and local need.

### **Watershed Surveys and Planning**

The Watershed Surveys and Planning authorities are directed toward assessment of natural resource issues and development of watershed plans to conserve and utilize 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.

With the elimination of Watershed and Flood Prevention Operations (WFPO), continuation of this planning component is no longer necessary. The FY 2007 budget proposes to

redirect this program's resources to other higher priority programs. It is expected that local sponsoring organizations, as well as State and local governments, will assume a more active role in identifying water resource problems and their solutions.

### **Watershed Rehabilitation**

The Watershed Rehabilitation program addresses the problem of aging dams, especially those with a high risk for loss of life and property. Fifty-six dams have rehabilitation plans authorized and implementation of the plans is underway.

NRCS currently has 107 dams that have rehabilitation plans authorized, and the projects are completed or implementation of the plans is underway. This number adds to the 728 rehabilitation assessment reports already completed.

The Administration requests \$15.3 million to address critical dams with the greatest potential for damage to life and property.

### **Resource Conservation and Development Program**

The purpose of the Resource Conservation and Development (RC&D) Program is to encourage and improve the capabilities of State, local units of government, and local nonprofit organizations in rural areas to plan, develop, and carry out programs for resource conservation and economic development. The program provides technical assistance to local communities to develop strategic plans that address their locally identified natural resource and economic development concerns. The budget proposes to reduce funding by \$25 million and consolidate the number of RC&D coordinators from 375 to about 150. The current number of authorized RC&D Areas nationwide will be maintained at the current 375. The responsibilities and duties of the RC&D Coordinator position would be modified to provide more coordination and oversight duties instead of hands-on, day-to-day activities.

The reduction in funding for the RC&D Program will require that it be more focused on multi-county/parish planning, intergovernmental relations, serving as the Federal Government Representative on any Federal contracts with the RC&D Councils, and coordinating USDA assistance available toward implementation of RC&D Area Plans. The overall proposed budget for RC&D in FY 2007 is \$25.9 million.

### **Farm Bill Authorized Programs**

#### **Wetlands Reserve Program**

The 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. WRP also is the principle USDA program to help meet the President's Wetland Initiative goal to create, restore and enhance 3 million acres of wetlands by 2009.

The President's 2007 budget proposes \$402 million for the WRP, an increase of \$153 million over the 2006 level. This will allow an annual enrollment of 250,000 acres; an increase of 100,000 acres, and will bring total cumulative enrollment to 2,225,700 acres.

### **Environmental Quality Incentives Program**

The purpose of the Environmental Quality Incentives Program (EQIP) is to provide flexible technical and financial assistance to landowners that face serious natural resource challenges that impact soil, water, and related natural resources, including grazing lands, wetlands, and wildlife habitat management.

In FY 2005, EQIP funding was almost \$1 billion. Over 49,000 contracts were written to assist landowners in treating an estimated 18.1 million acres.

Mr. Chairman, in addition, NRCS assumed all contracting and administration responsibilities for EQIP (including payments to participants) were previously made through the Farm Service Agency. All functions were carried out through a Web-based contracting software program called "ProTracts." This streamlining of procedures eliminated duplication of effort and resulted in real-time data.

Technical Service Providers (TSPs) were used to a greater extent last year and have more than doubled since FY 2003. NRCS obligated over \$52 million in EQIP for TSPs to complement the conservation planning activities carried out under this program.

NRCS offered approximately \$20 million in Conservation Innovation Grants (CIG) to stimulate the development and adoption of new innovative conservation approaches while leveraging Federal investment. This program was authorized under EQIP in the 2002 Farm Bill and allows competitive grants to be awarded to eligible entities, including State and local agencies, non-governmental organizations, tribes or individuals to accelerate technology transfer and to develop promising new technologies to address some of our Nation's most pressing natural resource concerns.

The President's budget proposes a level of \$1 billion for EQIP, about the same level as in 2006.

### **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 2 million acres under easement or long-term rental agreements. The 2002 Farm Bill authorized \$254 million for implementation of this program during FY 2003 through FY 2007. No additional funding

was requested in the President's budget for GRP in FY 2007 as the program reached its statutory funding limit in FY 2005.

### **Conservation Security Program**

The 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.

In 2005, CSP was implemented in 220 watersheds nationwide, including Puerto Rico, and resulted in about 12,000 eligible applications covering more than 9 million acres of privately owned land. In FY 2004, NRCS initiated the program in 18 watersheds within 22 states. In the 2-year period since, NRCS has rewarded nearly 14,800 stewards on 10.9 million acres of working agricultural land.

Through the CSP enhancement provisions and the application of intensive management measures, producers are achieving even greater environmental performance and additional benefits for society. Several new conservation activities will allow producers to further enhance their operation and the natural resources. For example, the energy component of CSP is rewarding farmers and ranchers for converting to renewable energy fuels such as soy bio-diesel and ethanol. Because CSP enhancements go beyond the minimum requirements, innovative producers are pushing conservation technology to produce even greater conservation benefits.

Recently, the Secretary announced the FY 2006 sign-up for CSP which runs through March 31, 2006, in 60 watersheds across all 50 States, the Caribbean, and Guam. The FY 2006 announcement marks the third CSP sign-up.

The President's FY 2007 budget requests \$342.2 million in program funding an increase of \$83 million to continue expanding the program and rewarding excellent conservation stewards.

### **Wildlife Habitat Incentives Program**

The 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 \$55 million, with the additional \$10 million supporting the improvement and restoration of streams and rivers for migratory fish species. NRCS will prioritize WHIP resources to deliver community-driven, small dam and river barrier removal projects in coastal states to enhance populations of key migratory fish species.



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

Through the 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 \$50 million for FRPP in FY 2007.

## **Emergency Response to Hurricane Katrina**

In addition Mr. Chairman, the NRCS helped communities across the Gulf Coast region recover from the devastation caused by the 2005 hurricanes through the Emergency Watershed Protection (EWP) Program. The purpose of the EWP program is to undertake emergency measures, including the purchase of floodplain easements, for runoff retardation and soil erosion prevention to safeguard lives and property from natural disasters. The typical process for delivery of this program starts with the local sponsor requesting assistance for a disaster recovery effort. NRCS then conducts a damage assessment to identify if the project is eligible and develops an estimated cost. Typical work under this program consists of debris removal from clogged streams caused by flooding; installing conservation measures, like reseeded native grasses to prevent soil erosion on hillsides after a fire; or replanting and reshaping streambanks due to erosion caused by flooding. At the request of communities across the Gulf Coast region recovering from Hurricanes Katrina and Rita, NRCS completed nearly \$23 million in recovery work under the EWP Program immediately following the damage. In addition, the FY 2006 Supplemental Appropriations provided \$300 million for EWP hurricane recovery efforts.

As part of USDA's hurricane relief efforts, NRCS assisted hurricane-impacted States by providing maps used by first responders to assess ground conditions during the search and rescue of survivors. Current satellite and airborne imagery is used to locate possible dangers, such as fires, and the safest route to rescue survivors. Soil survey data layers are used to locate the best areas for animal debris disposal and burial that will not endanger water sources. NRCS continues to work with other USDA agencies, the Federal Emergency Management Agency (FEMA), and State emergency agencies to assist with post-disaster cleanup and restoration projects in Louisiana, Florida, Mississippi, Texas, and Alabama.

The President recently made a request for \$10 million of additional funding under WFPO for the EWP Program for the purchase of easements on floodplain lands in disaster areas affected by Hurricane Katrina and other hurricanes of the 2005 season. Under the EWP Floodplain Easement Program, a landowner voluntarily sells a permanent conservation easement to NRCS and, in return for a payment for the agricultural value of the parcel, foregoes future cropping and development on the land. NRCS restores the natural features

and characteristics of the floodplain to generate public benefits, such as increased flood protection and reduced need for future public disaster assistance.

### **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 TSPs.

I am proud of the work and the conservation ethic our people exhibit day in and day out as they go about the job of getting conservation on the ground. Through Cooperative Conservation, we have achieved a great deal of success. We are sharply focusing our efforts and will work together with our partners to consolidate our gains this coming year. 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.