

**STATEMENT OF ARLEN L. LANCASTER, CHIEF  
NATURAL RESOURCES CONSERVATION SERVICE  
U.S. DEPARTMENT OF AGRICULTURE  
BEFORE THE  
HOUSE APPROPRIATIONS COMMITTEE  
SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND  
DRUG ADMINISTRATION, AND RELATED AGENCIES**

**April 3, 2008**

Madam Chairwoman, thank you for the opportunity to appear before you today to discuss our fiscal year (FY) 2009 budget request for the Natural Resources Conservation Service (NRCS).

As we look ahead to FY 2009, and the contents of the Administration's budget request, I want to take a moment to reflect on NRCS's successes of the past year and what we are doing to help farmers and ranchers get conservation on the ground. It has been another productive year for NRCS, our partners, and its customers across America. We have provided technical assistance to help farmers and ranchers treat over 47.4 million acres of working lands to improve or enhance soil quality, water quality, water management, wildlife habitat and air quality. In addition, in FY 2007, NRCS and our partners:

- Helped farmers and ranchers develop over 5,100 and apply over 4,400 Comprehensive Nutrient Management Plans (CNMPs) for livestock manure management, bringing the total CNMPs written with NRCS assistance since 2002 to 33,600 and CNMPs applied to 21,400;

- Provided conservation technical assistance to nearly 1 million customers throughout the Nation;
- Completed or updated soil survey mapping on 36.4 million acres, of which 2.7 million acres were American Indian or Alaskan Native lands. NRCS and National Cooperative Soil Survey partners also digitized 238 soil surveys, bringing the total to 2,968 as part of an initiative to digitize all modern soil surveys. Nearly 1.1 million users visited the Web Soil Survey last year, with an average of over 3,400 visits per day;
- Issued over 12,000 water supply forecasts and provided assistance to farmers and ranchers to conserve water through irrigation efficiency on over 2 million acres. The NRCS National Water and Climate Center also supports a Google Earth interface to help users interactively navigate and view our automated SNOwpack TELemetry (SNOTEL) station data and high-quality maps of daily, monthly, and seasonal SNOTEL snowpack, precipitation, temperature, and snow depth;
- Collected 11,600 plants last year that were comparatively evaluated by the 27 NRCS Plant Materials Centers (PMC). These plant collections are evaluated for their ability to protect range, pasture and forest resources; serve as cropland cover crops; restoring wetlands; provide plant stock for biofuels; stabilize critical areas such as sand dunes, streambanks and shorelines; and to mitigate air quality concerns. NRCS released 21 new plants to commercial growers during FY 2007. Production by commercial seed growers and nurseries of about 400 of these plant releases, cultivated over nearly 75 years, has a market value of more than \$100 million per year;

- Utilized over 1 million volunteer hours, donated by 70,300 individuals, to address local natural resource concerns. This equates to 486 staff years, which is estimated to be the equivalent of \$19 million; and
- Signed agreements with 296 newly certified Technical Service Providers (TSPs) and re-certified 119 TSPs in FY 2007. This brings the total number of TSPs available to the public to more than 1,400 individuals and businesses. Since passage of the 2002 Farm Bill, NRCS has obligated over \$230 million to acquire technical services to provide conservation assistance to landowners.

As we look ahead to this year and beyond, we will continue directing our efforts toward ensuring that all of the potential conservation gains are fully realized. To accomplish this, NRCS will focus on fine-tuning its business tools and solidifying the progress it has made in working with farmers and ranchers across America to implement conservation programs. We want to make sure everything works smoothly—for our customers and employees. We want our decisions and processes to be transparent. We want to be even more efficient, effective and focused on meeting our customers' needs. I have had an opportunity to share my vision for the next year with Agency employees and partners, and I have focused on three priorities to guide the work of our Agency:

- making conservation easier;
- preparing to meet new challenges; and
- improving transparency and accountability in Agency spending.

## **Making Conservation Easier**

My number one priority as NRCS Chief is making conservation easier for our customers and for our employees. I have asked our leadership to look at the Agency from top to bottom and find ways that we can further focus our efforts to achieve even more conservation on the ground.

Examples of steps NRCS has taken to “make conservation easier” include:

- Streamlining the conservation application process in FY 2007. Now, when a producer comes into the field office they can fill out one application for any of the financial assistance programs available through our conservation portfolio.
- Developing new tools, both for producers and employees, to make it easier to calculate conservation benefits. One example, the Nitrogen Trading Tool (NTT), is a Web-based model that predicts changes in nitrogen losses based on changed management practices and calculates nitrogen credits available for water quality credit trading. In FY 2007, NRCS completed the NTT prototype and will be validating the model using water quality credit trading projects in Maryland and Ohio; and
- Developing conservation plans for producers on a system we call the Customer Service Toolkit. The Toolkit is a geographic information system (GIS)-enabled enterprise application that supports technical assistance, including conservation planning to landowners. NRCS planners use Toolkit to perform a resource inventory, analyze

current land use in relation to geophysical limitations, develop alternative solutions, and prepare a final conservation plan, plan of operations, and high quality client-specific maps. In FY 2007, the National Conservation Planning (NCP) database was integrated with Toolkit, creating greater efficiencies in planning, contract development, and national progress reporting. Currently, this database contains nearly 1.5 million plans, 29 million practices, and 325,000 contracts. In FY 2007, the number of conservation plans we helped producers develop increased by 25 percent over FY 2006. These plans are on 15 million land units, with over 10.6 million of these units now with spatial data. Spatial land units have increased by 75 percent, reflecting further streamlining and integration efforts through modern NRCS business applications.

### **Preparing to Meet New Challenges**

We must continue to prepare ourselves as an Agency and as a conservation community to meet any potential new challenges. Let me give you some examples of how we are accomplishing this priority:

- We are continuing to execute our overarching NRCS Strategic Plan, with its “foundation goals” of high quality, productive soils, clean and abundant water, and healthy plant and animal communities. The plan also contains “venture goals,” to address emerging trends and position NRCS to seize new opportunities. These

venture goals include clean air, an adequate energy supply, and working farm and ranch lands;

- We are implementing our Human Capital Strategic Plan and re-emphasizing basic conservation planning knowledge, skills, and abilities in our training programs.

We have reinvigorated our National Technology Support Centers and are focusing on the unique needs of beginning farmers and ranchers, limited resource producers, and other underserved communities; and

- We also have outlined a 5-year investment plan for technology to guide research needs to the right places, to maintain currency of the science that underpins our policies, procedures, handbooks, and manuals, to enable transfer of new science to State-level specialists, and to capture “lessons learned” from innovations.

NRCS will also face new challenges from the rapidly changing demographics of our customer base as revealed by the 2002 Census of Agriculture. From 1997 to 2002, the number of principal operators increased by: 8.6 percent for African Americans, 20 percent for American Indians/Alaska Natives, 13.4 percent for women, and an extraordinary 51.2 percent for Hispanic/Latino operators. Given these dramatic changes, we will need to ensure that NRCS is prepared to meet the challenge of finding new ways to assist traditionally underserved communities.

## **Accounting for the Benefits of Conservation**

Finally, to make the case for good stewardship, we have to be able to demonstrate that good environmental practices are compatible with good economic performance. Our third priority, therefore, is accounting for our expenditures on conservation by clearly demonstrating their benefits. This will enhance our credibility and retain the trust we have worked so hard to earn over almost 75 years.

For example:

- NRCS is partnering on a Conservation Effects Assessment Project (CEAP). CEAP is a multi-agency effort to quantify the environmental benefits associated with conservation practices implemented under the 2002 Farm Bill and other related programs. In 2007, work continued on the watershed component to provide detailed assessments of conservation practices, including observed and modeled environmental effects in selected watersheds. Additionally, the watershed studies are making progress on developing new model components and geospatial analyses at the watershed scale to improve the accuracy of model simulations and enhance predictions of practice impacts;
- The Agency continues to make improvements through the Administration's Program Assessment Rating Tool (PART). The PART was developed to assess and improve program performance so that the Federal Government can achieve better results. For example, during FY 2007, a re-assessment was conducted on the

Environmental Quality Incentives Program (EQIP). The re-assessment found that EQIP operates efficiently and effectively. NRCS also has made its State allocation process natural-resource based and more transparent. Performance also is now linked to State allocations through the use of both efficiency measures and program management factors;

- In fiscal year 2007, NRCS continued to reengineer its Web-based performance measurement system and transitioned from a system that relies on data entry to one that primarily mines or extracts data from other business applications. This approach reduces the time employees spend on reporting and increases the amount of time spent one-on-one with producers; and
- During FY 2008, NRCS will undergo an audit of all financial statements by an independent third party to assess the relevance, accuracy, and completeness of our financial records. We anticipate an initial report will be available to the Agency by November 2008, allowing us an opportunity to improve our accountability efforts even further.

Madam Chairwoman, as we look ahead to accomplishing even more as an agency in FY 2009, all of these improvements will promote Agency accountability while at the same time ensure that the most pressing conservation needs on America's private lands are addressed.



## **Discretionary Funding**

As we look to the future, the President's FY 2009 budget request for NRCS reflects our dynamic natural environment and the ever-changing agricultural sector by providing resources for the ongoing mission of NRCS and ensuring that new opportunities are optimized.

## **Conservation Operations**

The President's FY 2009 budget request for Conservation Operations (CO) proposes a funding level of \$794.8 million, which includes \$680.8 million for Conservation Technical Assistance (CTA), \$92.2 million for Soil Surveys, \$10.8 million for Snow Surveys, and \$10.9 million for the 27 Plant Materials Centers.

The budget reflects a realignment of the Administration's priorities with the elimination of the Grazing Lands Conservation Initiative. The Agency will continue to maintain and improve the management and productivity of privately owned grazing lands through ongoing activities within the Conservation Technical Assistance Program and the Environmental Quality Incentives Program.

Madam Chairwoman, CO is the heart of everything our Agency does, and we will continue to emphasize and improve the program's impact and effect on the Nation's private lands.

Agriculture and the quality of America's soil and water resources are vital to the Nation's welfare. Approximately 1.5 billion acres (79 percent of the total acres within the contiguous United States) are non-Federal land. Approximately 90 percent of these acres are cropland, rangeland, pastureland, and private non-industrial forestland. The care and health of these lands are in the hands of private individuals. Through CO and other programs, NRCS and its partners cooperate to get conservation on the ground, thus helping to conserve landscapes, increase agricultural productivity, improve the environment, and strengthen the quality of life.

The technical assistance we use to address resource conservation issues is provided under the Conservation Technical Assistance (CTA) Program. The purpose of CTA is to help private landowners, conservation districts, tribes, local units of government, and other organizations by providing technical assistance through a national network of locally respected, technically skilled, professional conservationists. NRCS conservationists deliver consistent, science-based, site-specific solutions to help private landowners conserve, maintain, and improve the Nation's natural resource base. Demand for the CTA Program has increased substantially in recent years for a number of reasons:

- First, there is growing demand for and participation in NRCS mandatory financial assistance programs, which in turn has increased the demand for science-based conservation technical assistance;
- Second, there is an increasing need for new technologies and conservation practices to address emerging challenges such as nutrient management for animal feeding operations;

- Third, there is strong demand for the design of conservation systems to reduce the risk of climatic events, such as improved irrigation management to mitigate effects of drought;
- Fourth, increased awareness and concern for natural resources that has broadened the Agency's customer base, as NRCS is asked to address growing niche enterprises (aquaculture, sustainable and organic farming, etc.);
- Fifth, NRCS has an expanding list of new customers such as tribal governments, local communities, technical service providers, and non-government organizations who request the Agency's expertise and assistance; and
- Finally, demand for improvement and establishment of wetlands and wildlife habitat to address declining populations of fish and wildlife has increased, as well.

NRCS has been able to address this rising demand for its services to a large degree through technology development and transfer, streamlining and improvement of program delivery, and cooperative conservation efforts with partners.

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

Through the Watershed and Flood Prevention Operations Program, NRCS provides local communities with technical and financial assistance to construct flood prevention, water supply, and water quality improvement projects.

The Administration proposes to terminate funding for Watershed and Flood Prevention Operations in FY 2009 to enable NRCS to focus limited resources to other higher priority conservation program activities of national interest. Because benefits from this program are highly localized, 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.

### **Watershed Surveys and Planning Program**

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. Activities carried out under this program include Floodplain Management Studies, Cooperative River Basin Studies, Flood Insurance Studies, Watershed Inventories and Analyses, and other types of studies, such as PL-566 Watershed Plans.

With the elimination of Watershed and Flood Prevention Operations, continuation of this planning component is no longer necessary. Beginning with the FY 2008 budget authorized by Congress, this program's resources were eliminated and redirected to other higher priority programs.

## **Watershed Rehabilitation Program**

The Watershed Rehabilitation Program addresses the problem of aging dams, especially those with a high risk for loss of life and property. NRCS has 125 dams that have rehabilitation plans authorized, and the projects are completed or implementation of the plans is underway. This number is part of the 808 rehabilitation assessment reports already completed.

The Administration requests \$5.9 million for technical assistance 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 area-wide plans that address their locally identified natural resource and economic development concerns. A Program Assessment Rating Tool (PART) review of the RC&D Program found that it overlaps other USDA and Federal resource conservation and rural development programs. While the program does use a strategic planning effort and local leadership to identify projects, NRCS has other significant relationships at the State and community levels that fulfill a similar role.

The FY 2009 budget proposes to terminate funding for this program. RC&D areas have received Federal support for many years, some since the mid-1960's. RC&D Areas should have the capacity to identify, plan, and address their local priorities.

### **Healthy Forests Reserve Program**

The Healthy Forests Reserve Program (HFRP) assists landowners in restoring, enhancing and protecting forest ecosystems to promote the recovery of threatened and endangered species, improve biodiversity, and enhance carbon sequestration.

Under this program, landowner protections similar to "Safe Harbor" are made available to landowners enrolled in the HFRP who agree, for a specified period, to protect, restore, or enhance their land for threatened or endangered species habitat. In exchange, they avoid future regulatory restrictions on the use of that land protected under the Endangered Species Act.

In FY 2007, NRCS received \$2.5 million under the HFRP and implemented projects in Arkansas, Maine, and Mississippi. Nineteen landowners were approved for funding under 10-year restoration agreements and 30- and 99-year easements. The approved applications covered over 197,500 acres and represents \$2.1 million in financial obligation.

The President's budget proposes no funding for HFRP in FY 2009.

## **Farm Bill Authorized Programs**

The President's budget should be viewed in concert with the Administration's Farm Bill proposals. These proposals would add \$775 million in FY 2009 for conservation activities.

### **Environmental Quality Incentives Program**

The purpose of the Environmental Quality Incentives Program (EQIP) is to provide site-specific technical and financial assistance to landowners that face serious natural resource challenges that impact soil, water, air, and related natural resources on agricultural lands. EQIP also encourages enhancement of natural resource conditions on agricultural lands in an environmentally beneficial and cost-effective manner to assist producers in complying with environmental regulations.

In FY 2007, EQIP funding was nearly \$1 billion. Over 41,000 long-term contracts were written to help landowners treat an estimated 17 million acres. Implementation of current and prior-year conservation practices also continued apace. For example, we helped farmers and ranchers implement nutrient management practices on over 740,000 acres and prescribed grazing on nearly 1.8 million acres. We also helped install almost 1,900 waste storage facilities.

Technical Service Providers (TSPs) are an important part of the conservation delivery system, particularly in the EQIP program. From FY 2003 through FY 2007, NRCS

obligated over \$93.6 million in EQIP for TSPs to help design and implement conservation practices carried out under this program.

NRCS also administers the Conservation Innovation Grants (CIG) Program, authorized under EQIP in the 2002 Farm Bill. CIG is a voluntary program intended to stimulate the development and adoption of innovative conservation approaches and technologies while leveraging Federal investment in environmental enhancement and protection, in conjunction with agricultural production. Under CIG, competitive grants are awarded to eligible entities, including State and local agencies, non-governmental organizations, tribes, or individuals. CIG enables NRCS to work with other public and private entities to accelerate technology transfer and adoption of promising technologies and approaches to address some of the Nation's most pressing natural resource concerns. CIG benefits agricultural producers by providing more and improved options for environmental enhancement and compliance with Federal, State, and local regulations.

In FY 2007, CIG was implemented with three components: National, Chesapeake Bay Watershed, and State. Below is a summary of the FY 2007 CIG awards:

- National: \$17,242,797 awarded to 47 recipients;
- Chesapeake Bay Watershed: \$2,066,525 awarded to 4 recipients; and
- State: \$6,678,440 awarded to 105 recipients.

Since the inception of CIG in 2004, almost \$86 million has funded 477 projects.



Under current law, the President's budget proposes a level of \$1.05 billion for EQIP. This level of funding, which represents a \$50 million increase over FY 2008, will allow NRCS to develop nearly 43,000 contracts on 17.5 million acres. The Administration's Farm Bill proposal would provide an additional \$425 million in FY 2009.

### **Wetlands Reserve Program**

The Wetlands Reserve Program (WRP) is a voluntary program through 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 rights they forgo associated with protecting the land, and are provided with financial assistance to cover the restoration expenses. The 2002 Farm Bill increased the program enrollment cap to 2,275,000 acres. WRP also is the principal USDA program to help meet the President's Wetlands Initiative goal to create, restore and enhance 3 million acres of wetlands by 2009.

In FY 2007, in addition to the regular application process, NRCS funded projects intended to enhance or accelerate a State's effort in enrolling interested landowners in WRP.

Special consideration was given to projects that specifically addressed threatened and endangered species or impacted small and limited resource producers or tribal owned lands. These proposals are projected to result in the accelerated enrollment of 17,329 acres into WRP in FY 2007. In one example, a project was approved on the Missouri River in

Iowa and Nebraska on the same contiguous stretch of the river, thereby increasing the overall landscape impact.

Under current law, the President's 2009 budget proposes \$181.5 million for WRP. This will allow an enrollment of approximately 100,000 acres and will bring total cumulative enrollment to the 2002 Farm Bill authorized enrollment cap of 2,275,000 by the end of FY 2009. The final 2009 program funding level and acres enrolled will be established in the new Farm Bill. A total FY 2009 enrollment of 250,000 acres is recommended in the Administration's Farm Bill proposal.

### **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. The program reached its statutory funding cap in FY 2005. The Administration's Farm Bill proposal continues this program's activities as part of the Private Lands Protection Program. The final FY 2009 program level is expected to be established in the new Farm Bill.

The NRCS and the Farm Service Agency (FSA) jointly administer GRP. NRCS has lead responsibility on technical issues and easement administration. FSA has lead responsibility for rental agreement administration and financial activities.

## **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.

NRCS initiated the program in FY 2004 in 18 watersheds within 22 States. In FY 2005, NRCS expanded the program to 220 watersheds within every State, including Puerto Rico and Guam. In FY 2006, CSP was implemented in 60 new watersheds nationwide and resulted in roughly 4,400 new contracts covering more than 3.7 million acres of privately owned land. From 2004-2006, NRCS has offered the program in 280 different watersheds and has provided financial assistance to nearly 19,400 participants on 15.4 million acres of working agricultural lands.

Through CSP enhancement provisions and the application of intensive management measures, producers are achieving exceptional environmental performance and additional benefits for society. For example, the nutrient management component of CSP is rewarding farmers and ranchers for protecting water quality through nutrient applications using precision farming techniques to minimize nutrient runoff and leaching. Because CSP enhancements go beyond the minimum requirements, innovative producers are on the leading edge of conservation technology adoption.

The President's FY 2009 budget requests \$360 million in program funding to support existing contracts, including those expected to enter the program during an FY 2008 sign up.

### **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 or improve habitats that will support upland wildlife, wetland wildlife, threatened and endangered species, fisheries, and other types of wildlife.

In FY 2007, NRCS enrolled over 2,100 agreements on over 350,000 acres in the Wildlife Habitat Incentives Program (WHIP). The value of the contracts exceeded \$31.5 million, assisting farmers and ranchers with wildlife management practices that result in improved fish and wildlife habitat quality on more than 4.8 million acres.

The Administration's Farm Bill proposal recommends to continue the activities of this program as part of an expanded Environmental Qualities Incentives Program. The final FY 2009 program level is expected to be established in the new Farm Bill.

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

Through the Farm and Ranch Lands Protection Program (FRPP), the Federal Government establishes partnerships with State, local and tribal government entities, and 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 soils that present 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 Administration's Farm Bill proposal combines this program with other easement programs as part of the Private Lands Protection Program. The FY 2009 program level is expected to be established in the new Farm Bill.

## **Agricultural Management Assistance Program**

The Agricultural Management Assistance (AMA) Program provides for cost-share assistance to producers to construct or improve water management structures or irrigation structures, to plant trees for windbreaks or improve water quality, and to mitigate risks through production diversification or resource conservation practices, including soil erosion control, integrated pest management, or transition to organic farming.

In FY 2007, NRCS allocated \$5 million for technical assistance to accelerate implementation of approved prior-year AMA contracts. Currently, there are 1,119 contracts in implementation.

The President's budget proposes no funding for AMA in FY 2009.

### **Conclusion**

As we look ahead, it is clear that the challenges before us will require the effective 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 their job of helping farmers and ranchers get conservation on the ground.

Through Cooperative Conservation efforts, we have achieved a great deal of success. We are sharply focusing our efforts and will work together with our partners to further 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.