

**Statement by
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Before the Subcommittee on Agriculture, Rural Development,
Food and Drug Administration, and Related Agencies
Committee on Appropriations,
U.S. House of Representatives**

Mr. Chairman, Ranking Member, and distinguished members of the Subcommittee, thank you for the opportunity to appear before you today to discuss the fiscal year (FY) 2016 budget request for the Natural Resources Conservation Service (NRCS). The ongoing support of this Subcommittee for voluntary private lands conservation is making a difference for our Nation's farms, ranches, and private forests. Before providing the Subcommittee details of the proposed NRCS budget, I would like to share some examples of how conservation programs are demonstrating that we can sustain a highly productive agriculture while making progress in protecting and improving the Nation's natural resources.

Mission Delivery Highlights

In FY 2014, NRCS provided technical assistance to over 135,000 customers to address natural resource objectives on almost 60 million acres of farm, ranch, and forest land. Many customers begin their relationship with NRCS through requests for technical assistance that result in the development of conservation plans that serve as a platform for action. The Conservation Technical Assistance (CTA) Program is the backbone for conservation planning and the Agency's conservation delivery system. Conservation planning is a proven, science-based process to support land managers' decision-making on conservation systems that will meet their natural resource and economic objectives.

To give you a picture of the scope of the CTA Program, allow me to highlight a few of our FY 2014 accomplishments. Through CTA, we assisted producers with designing conservation plans to address their operational and conservation objectives. Included in these plans were conservation practices covering:

- 18.2 million acres to improve water quality;
- 13.1 million acres to improve grazing and forest land;
- 6.2 million acres to improve wildlife habitat;
- 6.2 million acres to improve soil quality; and,
- 790 thousand acres to improve water use efficiency and reduce costs to the producer.

NRCS conservationists work with State and local partners, as well as private organizations, to deliver conservation technical and financial assistance. In FY 2014, these non-Federal partners contributed an estimated \$77.9 million in in-kind goods and services along with nearly \$123 million in financial assistance to address local resource concerns that support our goal of getting conservation on the ground.

Other Departments of the Federal government can also be valuable partners in conservation efforts. For instance, the Administration launched the Sentinel Landscapes partnership to accomplish three critical goals: preserve agricultural lands, assist with military readiness, and restore and protect wildlife habitat. In this unique collaboration, the U.S. Department of Agriculture, Department of Defense, and Department of the Interior work with state, local, and private partners to preserve and restore natural lands important to the nation's defense mission. The basic premise is to preserve and restore habitat around the military base to ensure at-risk species can survive, while also improving military readiness by ensuring training activities can proceed unimpeded.

About a year ago, the Agricultural Act of 2014 (Farm Bill) was enacted, delivering an extremely strong conservation title, consolidating and streamlining programs and providing important new authorities. Implementing the Farm Bill quickly and seamlessly was, and continues to be, a priority for NRCS. A few highlights include:

- In FY 2014, producers addressed their conservation needs on over 11 million acres with assistance from the Environmental Quality Incentives Program; over \$928 million was obligated in nearly 40,000 contracts to support this conservation work. This work supported projects in resource-based initiatives, such as air quality, on-farm energy

conservation, migratory bird habitat, and the Mississippi River Basin and production oriented initiatives such as organic production, and seasonal high tunnels.

- The 2014 Farm Bill consolidated existing easement programs into the Agricultural Conservation Easement Program. In FY 2014, \$328 million in funding was used to enroll an estimated 143,833 acres of farmland, grasslands, and wetlands through 485 new ACEP easements (88,892 acres in Ag Land Easements, and 54,941 acres in Wetland Reserve Easements). These easements will help preserve important agricultural lands and agricultural viability and create and protect habitat for migratory birds and other important species.
- Since the Conservation Stewardship Program started in 2009, the program has become a major force for conservation, and it continues to inspire conservation action to enhance America's natural resources. With the FY 2014 sign up enrollment of about 9.6 million acres, the total acreage of lands now enrolled in CSP exceeds 60 million acres, about the size of Iowa and Indiana, combined.
- The Regional Conservation Partnership Program created a new platform for engaging partners and leveraging the federal conservation investment. The response from partners was overwhelming, with demand for over \$2.8 billion in funding - 6 times more than the available program resources. In January 2015, 115 high-impact projects were selected, which will direct more than \$370 million in Federal funding to locally led conservation efforts across all 50 states and Puerto Rico. Partners are leveraging an estimated \$400 million in their own contributions, which doubles the investment to improve the nation's water quality, support wildlife habitat, and enhance the environment.

These critical Farm Bill tools used together and in partnership with producers, forest landowners, and other public and private partners are making major gains in addressing locally and regionally identified priorities, for example:

- Since 2010, the Mississippi River Basin Initiative (MBI) has quadrupled the investment in water quality projects in the Mississippi River Basin. NRCS models show that targeting water quality conservation in the right places with the right practices is an effective means to achieve cleaner water for community water supply, wildlife, and

recreation. For instance, in 2014, Arkansas delisted from the 303(d) impairment designation two stream segments as a result of MRBI projects. By working with partners in this area, NRCS and its partners were able to make a bigger impact for water quality conservation.

- The conservation work completed by 30 private landowners in partnership with NRCS and other partners directly contributed to the U.S. Fish and Wildlife Service's August 2014 decision not to list the arctic fluvial grayling under the Endangered Species Act. These landowners are voluntarily developing and implementing conservation plans on more than 150,000 acres in the project area and having a positive and measurable impact on the Montana fish and their working farms and ranches.
- Since FY 2010, USDA and its partners in the Sage Grouse Initiative (SGI) have worked with private landowners to restore 4.4 million acres of habitat for sage-grouse while maintaining working landscapes in 11 western states. In the past five years, NRCS has invested \$296.5 million to restore and conserve sage-grouse habitat, which in turn leverages an additional \$128 million in contributions from ranchers and other conservation partners. These significant investments are a result of an unprecedented collaboration and proactive approach to support sustainable ranching while also providing high-quality habitat.
- Since 2010, NRCS has been working through the StrikeForce for Rural Growth and Opportunity initiative to assist farmers and ranchers in communities that face persistent poverty. NRCS and other USDA agencies are focusing assistance and outreach in over 770 counties, parishes, boroughs, and census areas, and Indian reservations in 20 states to jump start collaboration and investment in these communities. In FY 2014 alone, NRCS invested \$286 million in partnership with producers to help their operations be more economically successful and environmentally sustainable. Through this effort, the level of participation of historically underserved and limited resource producers in NRCS programs has jumped as high as over 200 percent compared with the first year.
- In FY 2014, about \$30 million was invested in 13 projects across the country through the Chiefs' Joint Landscape Restoration Partnership to help mitigate wildfire threats to communities and landowners, protect water quality, and supply and improve wildlife habitat for at-risk species. This multi-year partnership between NRCS and the U.S.

Forest Service is working to improve the health and resiliency of forest ecosystems where public and private lands meet across the nation. Progress will continue in FY 2015 with \$10 million to be available for 15 projects across the nation.

- Since 2009, USDA has awarded more than 320 Conservation Innovation Grants (CIG) to accelerate development and delivery of innovative approaches to agricultural conservation. In FYs 2013 and 2014, greenhouse gas CIG projects resulted in approval of carbon offset protocols that position farmers to earn carbon credits they can sell on voluntary, and eventually compliance, markets. These projects are helping to create new, durable incentives for conservation that benefit agriculture and natural resources.

Improving Mission Support

One of the best ways we can ensure that high-quality conservation assistance is available to farmers and ranchers is to strengthen NRCS's business operations and administrative capabilities. NRCS is undertaking a number of key management initiatives related to agency and program administration.

Conservation Delivery Streamlining

The Conservation Delivery Streamlining Initiative (CDSI) will enable NRCS and its partners to develop better conservation plans and improve service to customers. CDSI's three integrated components – the Client Gateway, Conservation Desktop, and Mobile Planning Tool will:

- enable high-quality, science-based conservation planning,
- simplify conservation for clients and NRCS employees, and
- streamline business processes.

Importantly, NRCS has successfully launched the first component of CDSI, the Client Gateway, a web-based internet portal that allows our customers to review their conservation plans and program contracts, sign documents, apply for programs, request assistance, schedule appointments with NRCS, and track financial payments – all online and without having to travel to a field office, 24 hours a day, and seven days a week.

In FY 2015, NRCS will complete the design and IT architecture work of the second and third components of CDSI, the Conservation Desktop and Mobile Planning Tool. Full implementation

of CDSI will allow the Agency to redirect over 1,500 staff years from administrative and contract management tasks to providing direct technical assistance to clients.

Improving Financial Processes

Since 2002, the scope of NRCS's conservation programs has experienced significant growth. While we have dramatically increased the resources for conservation in this country, we also need to have robust accounting and documentation procedures in place to manage public funds responsibly.

Over the past several years, NRCS has made significant improvements such as enhancing the agency's internal controls over financial resources, reducing potential information technology security risks, and strengthening the reporting of its financial obligations. In FY 2014, independent auditors found that NRCS had made continued improvement in:

- financial reporting processes and controls;
- financial management for information technology systems, ensuring that the infrastructure is robust and data safeguarded; and
- our ability to report on the condition and location of property, plant and equipment.

We are committed to having a best-in-class financial management operation. While NRCS is making excellent progress, we look to further these successes in the coming year. NRCS's plan focuses on three key areas:

- strengthening our internal control review processes,
- integrating audit remediation efforts in daily operations, and
- improving our financial data, extracts, and reporting information.

The integration of these three focus areas enables NRCS to identify weaknesses early in the process and take corrective actions, such as implementing controls over system access and approvals.

The Future of Administrative Services

NRCS has been working to streamline and improve the capacity within three primary administrative functions – budget and finance, human resources, and procurement and property – in order to improve internal and external customer service and achieve cost and efficiency gains. In FY 2014, we piloted numerous components of the approach, for example initiating national service delivery for Accounts Receivable, Accounts Payable, Hiring and Staffing, Contracting, and Real Property. We are continuing to refine and improve the implementation plan to ensure success. By the end of FY 2015 we plan to have the new model in place to provide high-quality mission support that will deliver improved value for the taxpayer and better service to customers.

Fiscal Year 2016 Budget

The President's 2016 NRCS budget proposal focuses on supporting NRCS's technical operations while delivering its new and reauthorized programs to the Nation's farmers, ranchers, and forest landowners. The request proposes a total of \$4.2 billion for NRCS conservation programs, which includes discretionary funding appropriated by this Committee and funding authorized by the 2014 Farm Bill. The President's Budget is a reflection of the Administration's emphasis on focusing financial and human resources on critical conservation issues while taking steps to streamline, modernize, and better deliver conservation services to our customers.

The budget requests \$1.03 billion for discretionary programs, including the following:

- An increase of \$23.7 million for the: Conservation Delivery Streamlining Initiative (\$14.7 million); Conservation Effects Assessment Project (\$5 million); decentralization of General Services Administration Rental Payments and Department of Homeland Security payments (\$3.8 million); and Federal Employees Health Benefits (\$248 thousand);
- A decrease of \$45.3 million in the funding provided for program activities;
- A proposed pay cost increase of \$6.4 million; and
- A new Private Lands Conservation Operations account to consolidate discretionary and mandatory funds used for conservation technical assistance. The account shows a total of \$1.6 billion for FY 2016, comprising \$831 million in discretionary funding and \$775 million in mandatory funding.

The budget also proposes \$200 million in Watershed and Flood Prevention Operations for Climate Resilience and a strategy focused on helping communities in preparing for and mitigating the effects of extreme weather events, with an initial emphasis on benefitting coastal areas. This investment mirrors interest signaled by Congress in the 2015 Appropriations report.

The previously discussed mandatory programs are funded at \$3.2 billion in new mandatory authority, representing a significant investment in voluntary conservation and reflecting the reauthorized and newly authorized programs in the 2014 Farm Bill. The budget proposal as a whole makes a firm commitment to sustaining progress and expanding the conservation tools that will enable us to meet natural resource challenges today and prepare for those on the horizon.

Conclusion

Mr. Chairman and members of the Subcommittee, thank you for the opportunity to appear before you today. Conservation continues to be a solid investment in our Nation's future. These conservation programs and activities supported by Congress and the Administration have demonstrated success in helping farmers, ranchers, and private forest owners achieve their production and operational goals in balance with natural resource objectives, which provide benefits for rural communities and the nation as a whole. The President's FY 2016 Budget reflects and continues that commitment, while recognizing the need to focus limited resources on critical conservation issues and to streamline and modernize operations. I would be happy to respond to any questions at this time.