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UNITED STATES DEPARTMENT OF AGRICULTURE  
BEFORE THE**

**SUBCOMMITTEE ON CONSERVATION, CREDIT, ENERGY AND RESEARCH HOUSE  
COMMITTEE ON AGRICULTURE**

**July 1, 2010**

**REVIEW OF THE ADMINISTRATION AND DELIVERY OF CONSERVATION PROGRAMS**

Mr. Chairman, Ranking Member, and members of the subcommittee, thank you for the opportunity to appear before you today to share our experiences in implementing a number of conservation programs contained in Title II of the Food Security Act of 1985 that were added or re-authorized by the Food, Conservation, and Energy Act of 2008 (Farm Bill). I am happy to be here again to discuss the work of the Natural Resources Conservation Service in delivering Conservation Technical Assistance and providing technical and financial assistance through 2008 Farm Bill programs.

**75 Years of Helping People Help the Land**

2010 is the 75<sup>th</sup> anniversary of the Natural Resources Conservation Service (NRCS). Since our founding in 1935, we have helped America's farmers, ranchers, and forest owners manage the Nation's working lands to ensure continued agricultural productivity and a healthy environment. With about 70 percent of U.S. land in the lower 48 states in private hands; our mission remains a critical one.

The Upper Mississippi River Basin Conservation Effects Assessment Project (CEAP) Report released last month shows our efforts over the past three-quarters of a century have not been in vain. The CEAP data confirm that voluntary, incentive-based conservation works and that the conservation practices applied by farmers in the basin have resulted in a 69 percent reduction in sediment loss.

Findings also indicate that implementing suites of practices to address multiple resource concerns is more effective than using single practices, reinforcing the need to engage in comprehensive conservation planning. For many producers, conservation planning is the fundamental starting point for maintaining and improving the natural resources that support productive and profitable agricultural operations. In addition, the CEAP Report provides quantitative support for improving program effectiveness by targeting conservation programs to the acres with the most critical need.

A conservation plan tailored specifically to a farm or ranch identifies immediate or potential resource problems that could affect production; helps producers comply with environmental regulations; helps farmers and ranchers qualify for various United States Department of Agriculture (USDA) conservation programs; adapts to changing operational goals; establishes a reasonable schedule to apply needed conservation practices; and can save farmers and ranchers time, labor and energy. Once we have worked with farmers and ranchers to evaluate their needs

and conservation options, Farm Bill programs are available to assist them in implementing the components of their conservation plans.

Comprehensive planning through both technical and financial assistance to land owners and managers has been at the heart of NRCS's work throughout our history and will remain there for the foreseeable future. Yet, as we begin our next 75 years of service, we realize that *how* we deliver this assistance matters more than ever.

From FY2005 through FY2009, NRCS has written conservation plans on over 185 million acres of crop, grazing, and forest land. In addition, NRCS developed over 1,200 area-wide plans in FY2009 for a total of nearly 4,000 since FY2006. These area-wide plans look at opportunities for improvement beyond farm or ranch boundary, involving multiple farm or ranch operations and local communities. NRCS staff is servicing more customers per person, doubling the number of farmer or rancher assisted per full time equivalent (FTE) from FY2005 to FY2009.

In accordance with NRCS regulations that implement the National Environmental Policy Act at 7 CFR Part 650.5, NRCS will be preparing site specific environmental evaluations to determine the need for any Environmental Assessment of Environmental Impact Statement. Environmental evaluations (EE) integrate environmental concerns throughout the planning, installation, and operation of NRCS-assisted projects. The EE applies to all assistance provided by NRCS, but planning intensity, public involvement, and documentation of actions vary according to the scope of the action. NRCS begins consideration of environmental concerns when information gathered during the environmental evaluation is used:

- To identify environmental concerns that may be affected, gather baseline data, and predict effects of alternative courses of actions;
- To provide data to applicants for use in establishing objectives commensurate with the scope and complexity of the proposed action;
- To assist in the development of alternative courses of action; (40 CFR 1502.14). In NRCS-assisted project actions, nonstructural, water conservation, and other alternatives that are in keeping with the Water Resources Council's Principles and Standards are considered, if appropriate.
- To perform other related investigations and analyses as needed, including economic evaluation, engineering investigations, etc.
- To assist in the development of detailed plans for implementation and operation and maintenance.

Factors, such as greater taxpayer investment in conservation through farm bills, the desire for increased transparency and financial accountability, advances in science and technology, the need to sustainably feed a growing global population, and burgeoning public interest in environmental health, compel us to upgrade and update our plans, programs, policies, and procedures. Moreover, in the current Farm Bill, Congress has called on us to help producers meet new conservation challenges, such as air quality, energy conservation, mitigating for the impacts of climate change, and participation in expanding markets for ecosystem services.

To address all of these priorities, I articulated three goals upon becoming Chief last year. They are: ensuring conservation gets on the ground, improve agency internal controls and increase accountability, and creating a climate where private lands conservation can succeed.

### **Ensuring Conservation Gets on the Ground**

We have taken several steps to ensure conservation gets on the ground. First, we are targeting some of our financial and technical assistance to landscape-scale conservation, specific resource concerns, and special initiatives. By working at this scale we can treat resource concerns much more effectively and achieve measurable results. Landscape-scale initiatives include work in the Mississippi River Basin, the Great Lakes and the Chesapeake Bay and efforts to restore sage-grouse habitat; targeted resource concerns including air quality and the initiative for organic producers.

*Mississippi River Basin Healthy Watersheds Initiative (MRBI).* NRCS is working to maximize environmental benefits in the Mississippi River Basin through the MRBI. The initiative's main goal is to address nutrient loading in the basin. In addition to these nutrient-focused efforts, NRCS will also partner to find new and innovative ways to address resource concerns ranging from water quality to soil erosion to energy conservation and wildlife habitat. NRCS recently announced funding for 76 projects in 12 states: Arkansas, Illinois, Indiana, Iowa, Kentucky, Louisiana, Minnesota, Mississippi, Missouri, Ohio, Tennessee, and Wisconsin. Funding is provided through the Cooperative Conservation Partnership Initiative, the Wetlands Reserve Enhancement Program (WREP) and Conservation Innovation Grants (CIG).

*Sage- Grouse Initiative (SGI).* The SGI is designed to enhance public awareness of sage-grouse concerns, increase cooperation and collaboration from a broad-based partnership, and provide funding for conservation practices that benefit sage-grouse habitat. In March, NRCS announced that up to \$16 million in financial assistance would be made available to protect sage-grouse population and habitat in 11 western states: California, Colorado, Idaho, Montana, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, and Wyoming. Funding is provided through the Environmental Quality Incentives Program (EQIP) and the Wildlife Habitat Incentive Program (WHIP). An additional \$5 million has been provided through EQIP and WHIP to meet growing demand under this initiative for a total of \$21 million.

*Great Lakes Restoration Initiative (GLRI).* The GLRI supports the Administration's vision for promoting voluntary action to protect and restore priority watersheds. NRCS received \$34 million for the Initiative through an Interagency Agreement with the Environmental Protection Agency (EPA). The funding will be used by NRCS to implement priority programs, projects, and activities to protect, restore, and maintain the Great Lakes ecosystem, as identified in the Great Lakes Restoration Initiative Action Plan. The funding will be released through a number of NRCS programs, including Conservation Technical Assistance (CTA), EQIP, WHIP, Emergency Watershed Protection Program-Floodplain Easements, and Farm and Ranch Lands Protection Program. States receiving funding include: Illinois, Indiana, Michigan, Minnesota, New York, Ohio, Pennsylvania, and Wisconsin.

*Chesapeake Bay Watershed Initiative.* The Chesapeake Bay Watershed Initiative was authorized in the 2008 Farm Bill to provide assistance to agricultural producers to minimize excess nutrients and sediments in order to restore, preserve, and protect the Chesapeake Bay. Bay states include

Delaware, Maryland, New York, Pennsylvania, Virginia, and West Virginia. The Chesapeake Bay Watershed Initiative is currently being delivered through the EQIP and WHIP. On June 18, USDA unveiled three showcase watersheds designed to demonstrate what can be achieved by combining strong partnerships, sound science and funding to solve natural resource problems in a targeted area in the Chesapeake Bay Watershed. The showcase watersheds are designed to demonstrate water quality improvements in a confined geographic area through expanded producer outreach efforts, use of innovative conservation practices and intensive conservation planning, implementation and monitoring. The goal is to reach out to 100 percent of the agricultural producers in each watershed to gauge their current level of conservation treatment and explain additional technical and financial assistance opportunities available through various conservation programs.

*Environmental Quality Incentives Program (EQIP) Air Quality Initiative.* The 2008 Farm Bill includes a provision for EQIP to provide payments to implement practices to address priority air quality resource concerns from agricultural operations and to meet Federal, State, and local regulatory requirements. In fiscal year 2010, \$33,825,000 of EQIP financial assistance has been allocated to Arizona, California, Colorado, Georgia, Indiana, Maryland, Michigan, Montana, New York, Ohio, Pennsylvania, and Texas for this initiative.

*Environmental Quality Incentives Program Organic Initiative.* The EQIP Organic Initiative requires payments to be made for conservation practices on operations related to organic production and/or transition to organic production. In FY2010, \$50 million in financial assistance was allocated among all States.

A second key aspect of getting conservation on the ground is retooling programs for better performance and to increase the efficiency of technical assistance resources. NRCS has dedicated significant staff resources from the States and field to improve performance of programs such as the Wetlands Reserve Program, EQIP and CIG.

The President's FY2011 budget also includes a new proposal for Strategic Watershed Action Teams (SWATs) to be deployed in high priority agricultural watersheds. Though the Conservation Technical Assistance Program, NRCS will use teams of Soil Conservationists, specialists (engineers, biologist, range specialist or others as needed) depending on the need in each watershed. The goal of deploying the SWATs will be to reach every landowner in a targeted watershed eligible for NRCS programs and provide them with the technical assistance to assess their natural resource conditions and offer resource planning and program help. Through the use of SWATs, NRCS will greatly improve the environmental cost effectiveness of technical and financial assistance programs.

Further, we are applying the knowledge gained through CEAP and other research initiatives to improve program performance. For example, NRCS has just completed the first ranking period sign up under the new Conservation Stewardship Program (CSP) and are pleased to announce that 12, 649,918 acres were enrolled as of June 18, 2010. We reviewed public comments, assessed the first ranking period and made changes that encourage enhanced stewardship and performance. We now have a final rule for CSP which includes suites of conservation enhancements, as CEAP suggested, to improve environmental performance. CSP remains available nationwide, as provided in the 2008 Farm Bill, and the second ranking period—now underway—is being conducted under the new rule.

## **Improve Agency Internal Controls and Increase Accountability**

The second goal is to improve agency internal controls and increase accountability. Since FY 2002, the amount of financial assistance NRCS administers has grown by 376 percent. To support this growth, staff year funding has increased as well. Funding for technical assistance (salaries and expenses) related to the Farm Bill programs has increased significantly, from \$46 million in FY 2002 to \$577 million in FY 2010. In addition, the number of staff years associated with Farm Bill programs has also increased from 431 in FY2002 to 5,705 in FY 2010.

However, since FY2005, the number of FTEs providing technical assistance through the Conservation Technical Assistance Program has decreased 13 percent. Across all programs, the applied conservation practice acres per FTE increased by 32 percent. This trend requires us to undertake new streamlining, partnership and management initiatives to increase our efficiency, effectiveness and conservation results.

Delivering science-based technical assistance to clients is the foundation for successfully carrying out NRCS's mission of helping people help the land. Our on-site assistance to help clients identify conservation objectives, inventory resource concerns and opportunities, analyze alternatives, and formulate treatments through conservation planning is unique. Provision of this technical assistance is documented in 1.6 million conservation plans and 30 million planned practices in our National Conservation Plan Database.

Conservation planning is a sound approach for the consistent and effective delivery of financial assistance programs, helping to ensure that the public's investment in private lands conservation achieves desired environmental outcomes. The Farm Bill expanded NRCS's field operations to include new authorities and the development and administration of contracts and easements for financial assistance programs. NRCS now manages about 400,000 Farm Bill program contracts in its national ProTracts database. But our current business model and processes leave inadequate time for on-site planning, design, installation assistance and critical follow-up activities. In addition, NRCS's information technology tools need to be integrated to gain efficiencies.

In January 2009, NRCS responded by formally initiating the Conservation Delivery Streamlining Initiative, to define and implement a more effective, efficient, and sustainable business model for delivering conservation assistance. Three overarching objectives were identified:

1. Simplify Conservation Delivery – The new business model must make the delivery of conservation programs easier for both customers and employees.
2. Streamline Business Processes – The new business model and processes must increase efficiency through streamlined processes, and be integrated across Agency business lines.
3. Ensure Science-based Assistance – The new business model must reinforce the continued delivery of technically-sound products and services.

As NRCS implements key parts of the Streamlining Initiative, we anticipate a future where technical field staffs will spend as much as 75 percent of their conservation assistance time in the field, working one-on-one with customers, to deliver planning, application, and financial assistance in a way that emphasizes resource concerns—rather than programs.

Pillars of the Conservation Delivery Streamlining Initiative consist of:

- 1. Define, streamline, and integrate conservation assistance processes across business lines.** To ensure field staff can focus their time on the Agency's core activities, NRCS will more clearly define, streamline, and institutionalize sound conservation assistance business processes.
- 2. Prioritize and deploy information technology that effectively supports and aligns with the delivery of conservation assistance.** NRCS will develop a single portal, called a Conservation Desktop, which will allow field staff and partners to access all the tools and data needed to deliver technical and financial assistance through one application. This integrated environment will eliminate duplicate data entry by staff and increase the efficiency of our information technology development and use. NRCS will fully integrate geospatial data and services into its business processes and tools to reduce administrative time and enhance the quality of conservation plans. Mobile computing technologies will be institutionalized for planners nationwide, making our work more efficient, reducing the travel time from unnecessary trips, and improving customer service.
- 3. Provide field technical staff with natural resource science and technology tools focused on conservation planning and practice implementation.** The foundation data and processes for assessing resource concerns during planning is being redesigned to simplify planning and client decision-making, and ensure NRCS plans document estimated conservation benefits. This includes restructuring the various science and technology tools used by field staff nationwide to make them simpler, more consistent, quicker to use, and accessible in both the office and the field. The first of these tools to be updated will support grazing, erosion calculations, and wildlife habitat assessments. NRCS will also be integrating area-wide assessment approaches into the Agency's conservation delivery processes, and integrating conservation effects into NRCS' planning tools to improve client decision-making, better describe outcomes, streamline program ranking, and more efficiently support environmental market programs.
- 4. To implement programs through staffing and delivery approaches designed around more efficient business processes.** Alternative staffing strategies to address financial assistance needs and supporting information systems will be implemented. Emerging technologies, such as electronic signatures and alternative approaches for screening, ranking and funding program applications will be tested and implemented to streamline program delivery and simplify program participation for clients.
- 5. Establish tools and processes for interacting with clients that are resource-centric, enhance customer service, and increase NRCS' efficiency.** A variety of new approaches for interacting with clients will be implemented to enhance and customize the Agency's services to its growingly-diverse clientele. The first will be a web-based Client Gateway that will allow USDA program participants to apply for assistance; view plans and contracts, check on the status of payments from NRCS; digitally sign documents; review upcoming work; and more at their convenience.

Other management initiatives we have set in motion include:

*Strengthened Financial Management.* NRCS continues to make internal changes based on the lessons learned through financial audits. We are working to develop and implement a Managerial Cost Accounting (MCA) model to measure and properly allocate costs that align with the strategic goals. MCA will be integrated into all aspects of NRCS operations to support financial reporting, workload and staffing management, budgeting and operational decision-making, and statutory fund allocation requirements.

NRCS is committed to updating financial policies and procedures to provide its workforce with the necessary information to produce accurate, reliable, and timely financial information. All financial policies currently published in the General Manual will be reviewed and updated by the end of the fiscal year.

*Funding Allocation Reform.* NRCS currently uses a complex automated process for allocating its financial and technical resources to the states. Efforts are in place to review and reform the Agency's allocation process to better align the dollars with resource conservation needs and concerns. By coordinating the development of conservation plans with participation in financial assistance programs, the Agency will be better positioned to identify future workload and the dollars needed to implement the conservation plans through mandatory financial assistance programs, such as EQIP. The information from conservation plans, along with refining our Activity-Based Costing data, workforce planning and workload analysis, will be the framework for a new allocation process.

*National Headquarters Realignment.* NRCS National Headquarters was realigned in January 2010 to provide the infrastructure to achieve Agency priorities. The objectives of the realignment were to provide more timely and effective support to NRCS State and field offices; better maintenance and communication of policy and guidance; better aligned administrative functions and management services, and increased collaboration at all levels of the Agency to allow more time for State and field employees to work on conservation activities in the field.

### **Creating a Climate Where Private Lands Conservation Can Succeed**

The third goal is creating a climate where private lands conservation can succeed. An essential element of creating a climate for success is working effectively with diverse partners at all levels to implement Farm Bill conservation programs. This includes working successfully with our USDA sister agencies including the Forest Service, Rural Development, and the Farm Service Agency (FSA). Two programs we deliver jointly with FSA are of particular interest to this Subcommittee—the Conservation Reserve Program, including the Conservation Reserve Enhancement Program, and the Grassland Reserve Program.

*Conservation Reserve Program (CRP).* CRP provides technical and financial assistance to eligible farmers and ranchers to address soil, water, and related natural resource concerns on their lands in an environmentally beneficial and cost-effective manner. CRP is administered by the Farm Service Agency (FSA), with NRCS providing land eligibility determinations, conservation planning, and practice implementation.

NRCS and FSA have entered into a Memorandum of Agreement which outlines the responsibilities of NRCS and FSA with respect to CRP technical assistance (TA). Under this Agreement, FSA processes payments for landowners and NRCS is reimbursed for TA expenses.

*Grassland Reserve Program (GRP)*. The purpose of GRP is to assist landowners in conserving grazing uses and related conservation values by restoring and conserving eligible land through easements and rental contracts. The GRP statute authorizes the enrollment of an additional 1.22 million acres of eligible land from FY 2009 through FY 2012. GRP is administered jointly by NRCS and FSA. NRCS administers the easement portion of GRP and provides technical assistance to landowners for both easements and long-term agreements and all conservation planning.

NRCS and FSA have entered into a Memorandum of Understanding which outlines the responsibilities of NRCS and FSA with respect to the implementation of GRP. FSA processes GRP payments and NRCS reimburses FSA the actual personnel costs, overtime and travel related to assisting with GRP administration. FSA determines payment limitations for rental contracts and any applicable restoration agreements, assesses penalties and associated costs, makes payments, and maintains funding codes for easements and rental contracts to monitor the 60/40 funding split required by the 2008 Farm Bill.

A second vital set of partners is our Technical Service Providers (TSPs). The 2002 Farm Bill first authorized the use of TSPs by requiring USDA to allow producers to receive technical assistance from individuals other than NRCS staff. In other words, TSPs are force multipliers in putting conservation on the ground. Over the six years of the TSP Initiative, 56 percent of its funds have been obligated through EQIP. The major remaining distribution of funds is: CRP, 13 percent; CTA, 12 percent; Wetland Reserve Program (WRP), 11 percent; WHIP, 4 percent; Watershed Rehabilitation, 2 percent; and Emergency Watershed Protection (EWP), 2 percent. In FY2009, NRCS partnered with the private sector, state agencies, soil and water conservation districts and nongovernmental organizations to provide \$29 million in technical assistance through the TSP program.

The 2008 Farm Bill amended the TSP provisions, requiring national standards for TSP certification. TSPs register, become certified and manage their TSP profiles through TechReg, an on-line support tool. TechReg also helps landowners locate and choose a certified registered TSP who can help them meet their conservation goals. NRCS can also obtain technical or support services directly through procurement contracts, contribution agreements, and cooperative agreements.

### **Assessing our National Resources**

Results of our latest National Resources Inventory (NRI), released this past April, underscore the wisdom of Congress in establishing an ongoing program of soil and water conservation on private lands 75 years ago. The NRI shows that Congress' decision continues to pay dividends, as total cropland erosion declined about 43% between 1982 and 2007. This achievement is testimony to the commitment of generations of landowners and operators to conserving our natural resource base.

While that is worth celebrating, a second finding from the same report tells us the Nation's working lands are now at risk from development. During the same 25-year period, the total acreage of developed land in the country increased by about 56%. This means that more than one-third of all land that has ever been developed in the lower 48 states during our Nation's history was developed during the last quarter century.

Of particular concern is that nearly 14 million acres of prime farmland were developed between 1982 and 2007. That represents the loss of nearly 4% of all prime farmland in the U.S.—or an area almost as large as West Virginia. Cropland acreage declined nearly 15%, but there's better news here. About half of this reduction is accounted for in enrollments of environmentally sensitive cropland in CRP, which NRCS helps to implement.

We believe these results prove the work of NRCS is as important in 2010 as it ever was—and likely growing in importance, as the amount of available farmland decreases and the demand for food increases. The United Nations predicts world food output must grow by 70% over the next four decades to feed an additional 2.3 billion people worldwide by 2050. That will place additional pressures on our soil, air, and water resources.

We must use knowledge gained from the NRI, CEAP, and other essential tools to prioritize our efforts where the conservation need is most critical and where the investments will do the most good.

We must also be serious about keeping working lands working and must help agricultural producers stay on their land. We must maintain and build new alliances with partners to enable land owners to take full advantage of our easement programs, which reserve farmlands, ranchlands, grasslands and wetlands for current agricultural uses—as well as for future generations.

Another avenue of support for producers is generating new revenue streams for them through environmental services markets. As Congress has directed, we must help farmers and ranchers gain recognition for all the environmental benefits working land owners provide to their fellow citizens, and pay them for them—benefits like clean air, clean and abundant supplies of water, carbon storage in fields and forests, and wildlife habitat that creates opportunities for hunting and fishing.

### **In Closing**

As NRCS works to streamline and modernize the delivery of services to meet the demands of today's customers, we are also helping to achieve the enduring objectives of a Nation committed to both productive lands and a healthy environment. During FY2009 over 48 million acres of agricultural land had at least one conservation practice applied. Interest and demand for conservation assistance remains strong. Support for comprehensive planning, CTA and financial assistance provided through farm bills remains essential to our success, in 2010 and beyond.

Thank you for inviting me to be here. I am now happy to take any questions.