

NATURAL RESOURCES AND ENVIRONMENT
Statement of Ann Mills, Deputy Under Secretary
Before the Subcommittee on Agriculture, Rural Development,
Food and Drug Administration, and Related Agencies

Mr. Chairman and Members of the Subcommittee, I am pleased to appear before you today to present the fiscal year (FY) 2014 budget for the Natural Resources Conservation Service (NRCS) of the Department of Agriculture. I appreciate the ongoing support of the Chairman and Members of the Subcommittee for USDA's work on voluntary, private lands conservation and the protection of soil, water and other natural resources.

Our Nation's prosperity –particularly the prosperity of our rural communities – is closely linked to the health of our lands and natural resources. USDA remains committed to helping the Nation's farmers and ranchers meet their conservation goals. NRCS is working hard to couple its traditional strengths of site-specific, science-based technical and financial assistance with innovative efforts to leverage funding from private and non-governmental organizations in an effort to extend the value of taxpayer dollars. NRCS is also supporting the establishment of forward-thinking, incentive-based conservation and restoration programs including water quality, wildlife certainty, and environmental markets.

Natural resource conservation does not just protect the water we use, the air we breathe, and the soil that is necessary for producing our food. In many cases, the conservation practices that producers implement, with NRCS's assistance, can reduce production costs and improve productivity, making improvements to a producer's bottom-line and helping sustain rural communities.

The President's FY 2014 budget requests a total of about \$4 billion for NRCS conservation programs, including approximately \$3 billion in mandatory funding and \$808 million in discretionary funding. Although the agency will continue to face budgetary pressures, particularly in discretionary spending, this budget represents a significant investment in conservation programs and related activities.

Secretary Tom Vilsack recently testified that, under President Obama's leadership, USDA has taken significant steps to strengthen rural America and provide a foundation for continued growth and prosperity. Today, I will highlight for you how USDA, through NRCS, is working smarter to achieve natural resource improvements by leveraging resources and modernizing business operations in order to reduce administrative overhead and complexity. USDA employees are setting a tremendous example in this regard, delivering record levels of service to their customers with fewer resources and staff.

Resource Accomplishments

With implementation of the 2008 Farm Bill, NRCS and its customers have benefitted from historic levels of technical and financial assistance, provided through the agency's disperse workforce working one-on-one with farmers and ranchers. The agency has remained flexible, allowing for quick and agile responses to acute challenges, such as the Deepwater Horizon oil spill and 2012's historic drought. For example, since 2008, NRCS has:

- Established 19 landscape conservation initiatives in targeted areas such as the Gulf of Mexico, the California Bay Delta, the Everglades, and the Great Lakes. NRCS initiatives in targeted areas address high-priority natural resource concerns and have improved the Federal return on investments in conservation.
- Helped producers adapt to drought conditions. In 2012 farmers and ranchers experienced the worst drought since the 1950s, according to the National Climatic Data Center. As the severity of the drought became apparent, NRCS moved quickly with partners to get technical and financial assistance to farmers and ranchers. Funding was provided to plant cover crops to minimize soil erosion, install livestock watering facilities, and install more efficient irrigation systems to limit impacts on aquifers. In FY 2012 and FY 2013 NRCS

provided nearly \$44 million for drought mitigation that was used to address drought issues in 22 states.

- Instituted a Working Lands for Wildlife partnership that will allow farmers and ranchers to protect threatened wildlife species while ensuring continued agriculture and forestry production. Working Lands for Wildlife is a new partnership between NRCS and the U.S. Fish and Wildlife Service (FWS) that uses agency technical expertise, combined with financial assistance from the Wildlife Habitat Incentive Program, to combat the decline of seven specific wildlife species whose habitat needs overlap significantly with agricultural landscapes. For example, at one time Longleaf pine forests covered 90 million acres in the southeastern United States. Now only 3.4 million acres remain. By increasing the use of management practices such as prescribed grazing and forest stand improvements, forest landowners can make many of these acres more functional and viable.
- Played a major role in helping Gulf Coast states and landowners address water quality impacts to the Gulf of Mexico. The Gulf of Mexico Initiative (GoMI) provides assistance to agricultural producers in the five Gulf Coast states to improve water quality, conserve water, and enhance wildlife habitat within watersheds draining into the Gulf of Mexico. NRCS obligated approximately \$8 million in contracts and easements under the initiative in FY 2012 and will commit up to \$30 million more over the next two years to provide conservation assistance to farmers and ranchers in priority areas along seven major rivers that drain to the Gulf.
- Addressed water quality issues through NRCS's Mississippi River Basin Initiative. This effort builds on the past efforts of producers, NRCS, partners, and other State and Federal agencies in a 13-State area, in addressing nutrient loading in selected small watersheds in the Mississippi River Basin. Excess nutrient loading contributes to both local water quality problems and the hypoxic zone in the Gulf of Mexico. In FY 2011 and FY 2012 NRCS directed over \$50 million in financial assistance for this initiative.
- Played a leadership role in emergency responses to natural disasters, from the Deepwater Horizon oil spill to Hurricane Sandy. Responses to these events are ongoing. Many of the producers in the states affected by the oil spill are still providing wintering habitat after their crops are harvested. NRCS is helping private landowners and communities

recover from the effects of Hurricane Sandy through the Emergency Watershed Protection Program.

- Instituted a pilot program through the Environmental Quality Incentive Program (EQIP) that will allow producers to comply with EPA regulations by using EQIP financial assistance to prevent on-farm oil spills. The Oil Spill Prevention, Control and Countermeasure (SPCC) pilot is in its third year. In its first two years (FY 2011 and FY 2012) it provided more than \$4.2 million to over 1,000 producers in nine States to develop professionally prepared and certified SPCC plans and provide for appropriate secondary containment of oil storage facilities.

Looking Ahead--Innovations in Conservation

Despite the recent decreases in NRCS's budget, the agency continues to keep pace with changes in conservation approaches and resource needs. Our landscape initiatives guided by information gleaned from the Conservation Effects Assessment Project (CEAP) are just one example. Below are additional examples of how NRCS will help farmers and ranchers through what we call 21st Century Conservation.

- CEAP composed of a series of resource assessment efforts, has enhanced our data-driven capabilities for getting targeted conservation on the ground. CEAP has also helped spawn the next generation of technical tools – such as the Soil Vulnerability Layer and the CEAP Conservation Benefits Identifier - that will take our ability to target conservation to a higher level. A user-friendly version of the APEX model (the field-level model powering CEAP) will help field staff and producers to determine, at a glance, which suites of practices offer the greatest conservation benefit.
- In recent years NRCS has regularly heard from producers around the country that they are concerned that the potential for shifting regulatory requirements will make it difficult for them to plan their business operations. One solution is to give producers certainty that the rules won't change for them for a set period of time, in exchange for their implementing practices proven to address water quality concerns. USDA has been a staunch supporter of voluntary state certainty programs. In January 2012, Secretary Vilsack signed a Memorandum of Understanding with the Governor of Minnesota and the EPA Administrator, announcing the establishment of Minnesota's Agricultural Water

Quality Certification Program. Other states are pursuing water quality certainty programs, including Virginia and Maryland. NRCS is also supporting the Certainty approach for addressing wildlife habitat issues through our Working Lands for Wildlife partnership. Farmers, ranchers, and forest managers have regulatory predictability and confidence that the conservation investments they make on their lands today will not result in regulatory penalties and that they can help sustain their operations over the long term. Our partnership with the USFWS provides landowners with regulatory predictability should the target species be listed under the Endangered Species Act at some point in the future.

- Emerging greenhouse gas, water quality, and wildlife markets present opportunities for agricultural producers to receive compensation for the ecosystem services they generate from certain voluntary conservation practices. NRCS is developing the science and decision tools to help producers quantify the environmental benefits generated by these practices.

Researchers and programmers at the NRCS National Technology Support Center (NTSC) in Portland, Oregon are working with experts from across the Department to create tools that will quantify the soil carbon footprint of all agricultural activities at the farm gate – from nutrient management to buffer strips. These tools will be used by farmers, ranchers, and USDA field staff to identify practices that result in greenhouse gas emission reductions and carbon sequestration.

To advance our ability to address water quality concerns, NTSC in Portland is working with experts from across the Department to develop the Nutrient Tracking Tool (NTT). NTT is a web-based application that allows a farmer to calculate the differences in nitrogen, phosphorus, and sediment runoff and yields at the field scale when current farming practices are compared to conservation practices. This tool will be improved with additional investments by NRCS in its new Edge-of-Field Water Quality Monitoring program that, combined with instream monitoring efforts, will allow us to more accurately measure the effects of our conservation practices and strengthen our APEX/CEAP modeling efforts. Taken together, these tools will NRCS better understand

the benefits of Federal conservation investments, while also supporting producer efforts to pursue new business opportunities and help ensure the integrity of environmental credits used in trading markets.

The agency is also supporting pilot projects that help create market supply for the environmental credits generated by farmers and ranchers, with the goal of acclimating producers to the general requirements for participation in environmental markets. Special Conservation Innovation Grant (CIG) opportunities used greenhouse gas projects (FY 2011) and water quality trading projects (FY 2012). For both of these efforts, NRCS established awardee networks – forums for the awardees to convene regularly and share information and lessons learned.

- NRCS is working on thoroughly integrating soil health into the agency's policies and programs. Partners and stakeholders, recognizing the potential benefits from widespread adoption of soil health management systems, benefits in productivity, natural resource condition and profitability, are stepping up to amplify and support our soil health effort. By focusing more attention on soil health and by educating our customers and the public about the positive impact healthy soils can have on productivity and conservation, we can help the Nation's farmers and ranchers feed the world more profitably and sustainably while also helping them adapt to extreme weather events and new climate patterns.
- NRCS is comprehensively restructuring the Budget and Financial Management, Property and Procurement, and Human Resources functions to improve service and lower costs. The vision of the future is to enable our employees to service more customers. The plan includes functionally aligning the work between the field and headquarters staffs and ultimately looks to streamline functions, reduce redundancies and realize cost savings.

FY 2014 Budget

In the FY 2014 budget, we propose difficult cuts to some programs, but also strategic investments in other programs to maintain NRCS's position as the country's leading private lands conservation agency. We have been working for some time to modernize our business operations to better serve our customers in a constrained budget environment. Our goals are to

deliver effective on-the-ground conservation, maintain the flexibility to address emerging resource issues and protect mission critical strengths including our technical capacity and our ability to work with local partners in addressing resource priorities.

We continue to improve the condition of our natural resources, but more needs to be done. Through CEAP we have learned that approximately 15 percent of the nation's nearly 300 million acres of cultivated cropland needs a high level of treatment in order to reduce impacts on water quality, while 33 percent needs a moderate level of improvement. Water quality concerns resulting from the subsurface loss of nitrogen through natural pathways or tile drains remain a significant resource concern. Climate change and extreme weather call for better adaptation strategies for producers.

We must find ways to maintain strong ties to local experts who can provide valuable insight into local and regional resource concern. We also need to maintain investments in the agency's technical strengths that have supported NRCS's operations for over 75 years and – more importantly – that are critical to solving ongoing and emerging conservation challenges. Our technical products and services benefit local economies and are necessary to maintain a viable agriculture sector. They are increasingly used by other sectors of the economy. These products include: The National Resources Inventory (NRI), a widely respected source for natural resource conditions and trends in the United States. The NRI provides scientific data that is used in the development of agricultural and conservation policies and programs, and contributes to being able to measure the effectiveness of such policies over time.

The National Soils Information System, which provides practical applications of soils data for many audiences, is delivered to more than 12,000 individual customers per day. Countries around the world view the National Soil Survey Program as the world standard and have used it as a model for their own soil assessment efforts.

The Snow Survey and Water Supply Forecasts provide reliable, accurate and timely forecasts of surface water supply to water managers and water users in the West. This data is used to support the agriculture industry and a host of other industries including power companies, municipal and

industrial water supply managers, reservoir management, fish and wildlife management, urban development, flood control, and others. NRCS's water supply data are more important than ever in this time of highly variable precipitation and changing climate patterns.

These services will become more valuable as we seek to address sustainable food production for the world's growing population. In addition to these information resources, our most essential technical assistance component is our capable technical field staff who are helping our farmers, ranchers, nonindustrial private forest landowners, and others. It is in the field where we are going to address the natural resource challenges now and into the future.

Conclusion

The President's Budget enables NRCS to continue fulfilling its historic commitment to providing assistance to farmers, ranchers and forest landowners. We will continue to work to find solutions that allow us to provide efficient, effective service to all our customers. This budget was developed with the understanding that if we address the resource needs for the NRCS mission, in the coming years our conservation programs, expertise, and research will be equipped to confront new challenges such as climate change, managing conservation activities while maximizing food production, and loss of open space. And, as we explore new opportunities for protecting our environment while creating wealth in rural communities, our conservation efforts will make a real difference in the health and prosperity of the Nation. NRCS employees have stepped up time and time again to manage key programs in an effective manner and we will continue to do so.

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