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Before the United States Senate Committee on Agriculture Nutrition, and Forestry

February 28, 2012

Good Morning, Madam Chairwoman, Ranking Member Roberts, and Members of the Committee. Thank you for the opportunity to appear before you today to explore the Nation's investment in conserving our soil, water, and other natural resources, and opportunities to strengthen conservation through the 2012 Farm Bill.

The Natural Resources Conservation Service's (NRCS) uses the existing suite of Farm Bill authorities and programs to help farmers and ranchers make and implement conservation choices that help them to achieve their environmental and economic objectives – from addressing regulatory pressures to ensuring that their lands remain in agriculture over the long-term. These conservation programs have a proven track record. They are good for farmers, ranchers and private forest landowners and they work for all Americans – helping to secure a strong American agriculture that is the foundation of our Nation's food security – for today and for future generations.

The 2012 Farm Bill can improve upon this solid foundation by continuing the commitment to a strong conservation title that streamlines conservation programs; increases flexibility to address the most pressing conservation needs of agriculture; and emphasizes projects that address regional priorities and leverage resources so that the public conservation investment goes further.

My testimony today will focus on three areas where NRCS has made strides over the past several years and that will be important in shaping conservation programs that work well for agriculture in the future:

1) Conservation results,

2) Improving performance, and

3) Innovation for the next era of conservation.

CONSERVATION RESULTS

Voluntary conservation on private lands works. Farm Bill conservation programs designed by Congress and implemented by NRCS are delivering results. Consider that between 2009 and 2011, NRCS working with farmers, ranchers and other partners have:

- Enrolled more than 127 million acres of land in 12 Farm Bill conservation programs. This is an area about twice the size of Wyoming that will now be improving in natural resource condition because of conservation applied through these Farm Bill conservation programs.
- Obligated over $6 billion in financial assistance in nearly 214,000 contracts with farmers and ranchers. This federal investment in many cases will be matched or exceeded by the contribution of the program participant, meaning that up to another $6 billion in private investments can be stimulated through these Farm Bill conservation programs.

So what does this mean for the health and condition of the landscape? A few examples demonstrate the breadth of the conservation portfolio:

The Environmental Quality Incentives Program (EQIP) continues to be the workhorse for American Agriculture. Between 2009 and 2011, EQIP helped farmers and ranchers implement conservation measures on over 38 million acres, focusing on addressing the most pressing natural resource concerns - voluntarily. And it works! Conservation practices like nutrient and grazing management, stream buffers and others implemented by farmers and ranchers were instrumental in removing eight Oklahoma streams from the US Environmental Protection Agency's impaired waters list in 2010. And this is just one example.

In order to continue this important work, the President's FY 2013 budget proposes better targeting of conservation programs in critical and impaired watersheds to accelerate agriculture's progress in meeting water quality goals. The budget builds upon the collaborative process already underway among Federal partners, including the Environmental Protection Agency, to demonstrate substantial improvements in water quality from conservation programs by ensuring that USDA’s key investments through Farm Bill conservation programs and related efforts are appropriately leveraged by other Federal programs.

The Conservation Stewardship Program (CSP) reinvigorated in the 2008 Farm Bill is now among the largest USDA conservation programs, with nearly 38 million acres enrolled from FY2009 to 2011. Participants emphasize installing new conservation and use CSP funding to take the next steps to improve their stewardship. A key fact about CSP is that is places a premium on higher level management skills with higher payments for more complex management efforts, such as advanced nutrient management, that generate a greater

environmental benefit. Producers enrolled in this program are being equipped with the skills needed to farm sustainably in the future – a critical element as the world's population expands to 9 billion.

The Hannahville Indian Community in the heart of Michigan's Upper Peninsula found CSP to be a good fit for managing its natural resources. While gaming is currently a major economic activity, the tribe is working to develop a natural resources-based economy, and enrolled 4,000 of its 5,500 acres of land in CSP to further that effort. The tribe generates income from its land by using it sustainably, for example, timber is harvested about every 10 years, while herbs and other plants are harvested from the forest understory. Through CSP, the tribe is applying conservation measures to improve their wetlands, forest, and aquatic wildlife resources, which will help them to generate income from the land while conserving natural resources. Tribal leaders believe that sustaining the tribe's natural resources is the way to a prosperous future.

The Wetlands Reserve Program (WRP) will enter its 20th year in 2012. At 2.5 million acres nationwide, WRP provides a diverse array of benefits to the American public ranging from increasing wildlife habitat and improving water quality to reducing flood damages, and sequestering carbon. A few years ago, the first Louisiana Black Bear cubs to be born in the Mississippi Delta in 30 years, were born on a former soybean field that had been restored to wetland conditions through WRP. And even better news – at least one of those cubs has now had two cubs of her own. Once nearly gone from the State, the black bear population is 120 and climbing. Nationwide, landowner demand for WRP is stronger than ever, averaging over 210,000 acres enrolled each year during the 2008 Farm Bill.

The Farm and Ranch Lands Protection Program (FRPP) helps farmers and ranchers who decide to ensure that their productive land stays in agriculture for use by future generations. Owners of a Vermont dairy operation made that decision in 2009 and enrolled their 441-acre farm in FRPP. The family had farmed in Bridport since the 1950s and is in the dairy business for the long haul. The farm, a modern dairy with over 1,000 cows, also produces hay and corn. Manure is managed with the help of a methane digester that also produces energy. The easement was a business decision for the family, helping with their bottom line while ensuring that their land would be available for hay, corn, and cows over the long-term. It is a good example of how FRPP protects the most productive agricultural land from irreversible non-agricultural development. Between FY2009 and FY 2011, NRCS and partners enrolled approximately 476,000 acres, bringing total enrollment to over 980,000 acres.

Farmers and ranchers enrolled over 2.7 million acres in the Wildlife Habitat Incentive Program (WHIP) between 2009 and 2011. These participants are demonstrating that land can be agriculturally productive and wildlife friendly. For example, a producer in the Loess Hills of western Iowa enrolled in WHIP to restore prairie grasslands, which are high quality forage for grazing and critical habitat for grassland birds. The producer cleared invasive trees, improved grazing management, and installed fencing and wildlife areas along with grass buffers. The ranch's wildlife-friendly plan manages the grassland for the cattle and the birds in one of Iowa's most unique landscapes.

Conservation results are about much more than the number of acres and contracts or examples of positive outcomes, although these are important measures as well. Through the 2002 Farm Bill, Congress emphasized that USDA should be able to report on the benefits of conservation practices. In response, USDA initiated the Conservation Effects Assessment Project (CEAP) in 2003 to develop a scientific understanding and method for estimating the environmental effects of conservation practices on agricultural landscapes at national, regional, and watershed scales. CEAP is built on partnerships and working collaborations involving Federal agencies inside and outside of USDA, land-grant universities, State agencies, and nonprofit organizations.

The first CEAP assessment of the effects of conservation practices on cultivated cropland was released in FY 2010 (Upper Mississippi River Basin), and followed in FY2011 by three additional reports (Chesapeake Bay Region, Great Lakes Region, and Ohio-Tennessee Basin). Common to all of these studies is that they document the strides that farmers have made in reducing sediment and nutrient losses from cropland, while also revealing that there is a clear opportunity for conservation efforts to deliver greater benefits for farmers and ranchers, their communities, and the Nation as a whole. These assessments show that:

- **The voluntary, incentives-based approach is achieving results** from the structural and management practices that are in place to control erosion and improve nutrient management.
- **Despite the gains, we can make even more progress** and in most places our focus has to be on nutrient management.

- **Conservation systems are needed to manage complex loss pathways** to control soil erosion and manage nutrients. This means managing for the four Rs of application—***right rate, right form, right timing,*** *and* ***right method***.
- **Targeting the most critical acres delivers the largest benefits** having twice or more the impact of treating the acres with low or moderate need for treatment.

These CEAP findings document the long-standing empirical evidence that conservation is delivering intended benefits, and help lay the foundation for improving program effectiveness.

Landscape-scale Initiatives are a perfect example of how conservation programs can respond to critical natural resource issues by merging science and program delivery, and targeting practices and geography to make a real difference on the landscape for natural resources and for farmers and ranchers. Over the past few years, NRCS has initiated 15 landscape initiatives, focusing on a variety of regionally important resource issues from wildlife species, such as the greater sage grouse and lesser prairie chicken, to water quality in Mississippi River Basin, Great Lakes, and Chesapeake Bay, and iconic landscapes such as the New England forests and North Central wetlands. In FY 2011, approximately $324 million in financial assistance was directed to these landscape-scale initiatives . To date in FY 2012, a total of $243.5million in financial and technical assistance was directed to landscape – scale initiatives. Participating farmers, ranchers, and other partners' contributions increase the investment significantly, making these initiatives an effective leveraging approach to resolving conservation objectives.

NRCS implements landscape conservation initiatives through a combination of conservation programs. The choice of program depends upon the nature of the resource concern within a

particular landscape and the programs that can best address those concerns. The Cooperative Conservation Partnership Initiative (CCPI) provision from the Farm Bill has been a very effective tool. CCPI offers opportunity to leverage Farm Bill programs with partner contributions to increase the amount available to target the natural resource need. Studies conducted under CEAP identify that targeting the areas with the greatest potential for improvement brings the best return on investments in conservation. Landscape conservation initiatives enable NRCS to most effectively address priority natural resource concerns by applying selected practices in target areas.

NRCS' commitment to conservation results is further demonstrated through the agency's progress in developing and implementing outcome measures to track performance across all of its conservation activities. In 2013, we will measure and report on how our activities have improved: soil health on cropland, grazing and forestland sustainability, water quality, fish and wildlife habitat, and air quality, among others. By developing, testing, and using outcome measures, NRCS will improve its ability to focus Farm Bill programs to achieve the greatest benefits for the land, the landscape, and the farmers and ranchers who are our partners in conservation.

IMPROVEMENT EFFORTS

The President's 2013 Budget Proposal released earlier this month makes clear that while a strong commitment to conservation exists, we will need to find more efficient and effective ways to meet our customers' needs. NRCS is committed to managing effectively in this budget climate.

Consistent with the USDA Blueprint for Stronger Service, NRCS is taking a holistic look at our entire organization to identify opportunities to excel as a 21st century organization that can thrive through changing budgetary climates and ultimately put more conservation on the ground.

For example, NRCS is currently working on a Conservation Delivery Streamlining Initiative (CDSI) to make participation in USDA's conservation programs easier for customers and the delivery of programs less complex for employees. Through the CDSI, NRCS is redesigning its business model and processes and identifying integrated IT solutions to do just that. In February of this year, NRCS is piloting two new tools designed around this streamlined approach:
(1) The Conservation Desktop will remove some administrative burden so that planners can spend more time in the field working with our clients. We estimate that this will eventually allow field staff to spend as much as 75 percent of their time in the field with clients.
(2) The web-based Client Gateway will allow our customers to work with NRCS at their convenience 24/7, to apply for programs; start the process of checking their eligibility; evaluate plan alternatives, view plans, maps, and contracts for their farm; and eventually sign many documents. We estimate that this could save our clients over 750,000 hours annually in travel time and document management tasks. The Client Gateway will eliminate the need for a client to visit our offices to do business with NRCS.

Nationwide release of these two tools is planned for the end of 2012, while nationwide rollout of Mobile Planning technology is expected in late 2013. Mobile Planning will mean that our conservationists will have access to all the data and tools they need while in the field with the

client. By eliminating duplicate data entry and extra trips, NRCS will significantly enhance the timeliness of program delivery, and create the equivalent of 1,200 additional staff years in field assistance to customers.

INNOVATION FOR THE NEXT ERA OF CONSERVATION

This Nation's agricultural conservation commitment, established in 1935 and improved each year following, has a remarkable record. Resulting conservation efforts agricultural lands have generated significant benefits, from bringing productive land back from the brink of devastation in the dust bowl days to helping speed recovery of imperiled species to restoring streams that have been "listed" as unfit for their intended uses.

Today, we are challenged to sustain the conservation gains of the past while taking the next increments in improving natural resource quality and condition. The challenge is heightened in a future where federal dollars may begin to take a back seat to private capital. To rise to these challenges, our conservation effort will have to adapt and improve. In this budget climate, we need to:

1) Make conservation more accessible.

2) Engage new partners in supporting conservation, and

3) Develop and test new approaches that provide farmers, ranchers, and their communities with a more varied set of tools and incentives.

Make conservation more accessible

NRCS is increasing access to conservation assistance in a number of ways from outreach to historically underserved groups and nontraditional producers to increasing the availability of technical assistance through innovative partnership agreements.

NRCS has made a concerted effort both in program funding and outreach to improve participation by Historically Underserved Producers, including socially disadvantaged, beginning farmers, and limited resource producers. In FY2011, we increased participation in all of these groups, most notably participation by socially disadvantaged producers. Overall, of the nearly 23 thousand applications received from these groups almost one-half were funded for a total of nearly $236 million in financial assistance.

Outreach to nontraditional producers, such as specialty crop and organic producers, through special initiatives is increasing their participation in conservation programs. The 2011 Organic Initiative saw a 20 percent increase in the number of participants from 2010. Producers enrolled more than 95,000 acres in the initiative, which helps them apply conservation measures for existing or transitioning organic production systems. High tunnels, often used in organic production, have been very successful since the pilot started in 2010. In just 2 years, nearly 4,500 high tunnels have been installed; this practice provides a controlled environment that helps with water quality, pest management, and soil quality, and extends the growing season.

Getting participants signed up is a first step, but increasing conservation on the ground requires technical assistance. In 2011, NRCS deployed Strategic Watershed Action Teams (SWAT) to

help meet the needs in Landscape Scale Conservation Initiatives areas. SWATs were developed under partnership agreements with nongovernmental organizations (NGOs), State and local units of government, universities, and other entities that could provide the needed technical skills and personnel. The teams are supervised by the partner organization but work under the technical direction and guidance of NRCS. In FY 2011, NRCS committed $20 million through partnership agreements, which leveraged another $11.8 million in non-federal funds to address priority resource concerns in these initiatives.

The partnership agreements enabled NRCS to leverage additional resources, with partners contributing at least a 25 percent match to the NRCS commitment, and some partners brought well over a one-to-one match. In addition, the agreements helped NRCS build stronger relations with partners. The Longleaf Pine Initiative provides an example. Under an agreement between NRCS and the National Wild Turkey Federation (NWTF), NRCS provides technical assistance funds to NWTF, which provides financial and technical assistance to help individual participants develop conservation plans. NRCS then provides financial assistance to help the participant implement the plan.

Engage new partners in supporting conservation,

To expand the reach of our conservation programs, going forward we will need to bring in new partners and new resources. Existing programs do an outstanding job of leveraging conservation investment. Consider that funds made available through our working lands programs, like the Environmental Quality Incentives Program, provide only a share of the total cost of conservation practices. Producers provide the balance, which many times is an equal share; in effect doubling

the public investment in conservation measures that will generate natural resource benefits for their operations, communities, and watersheds.

Through our Earth Team program, volunteers donate their technical skills to accelerate conservation adoption. In FY 2011 alone, volunteers nationwide donated more than 435,000 hours, equivalent to about $9.3 million in assistance to getting conservation on the ground. Right now, in our Clarksville, Tennessee, Field Office, soldiers wounded in the line of duty in Iraq and Afghanistan are working as Earth Team volunteers with our people to put much-needed conservation practices on the land. These soldiers are giving us the benefits of their motivation and discipline while they learn new skills and get a civilian work reference as they recover.

While current programs have a demonstrated track record in leveraging resources, in this budget climate we will be looking for ways to leverage more non-federal resources for the purposes of conservation. Environmental markets and credit trading will be one avenue to explore.

The 2008 Farm Bill provided direction to USDA to explore opportunities for environmental markets as a tool for leveraging non-federal resources to achieve clearly defined natural resource outcomes. While still in their infancy, environmental markets show promise for encouraging innovation and investment in conservation, improving accountability, reducing costs of restoration, and expanding economic opportunities for landowners. NRCS' emphasis on measuring outcomes is an important stepping stone to further development of environmental markets.

USDA has formed and is leading an interagency Environmental Markets Team to coordinate among federal agencies, States and stakeholders in the development of trading programs in the Chesapeake Bay, as well as facilitating work on other market-based approaches in habitat, wetland, stream and shoreline restoration, marine markets and other applications.

Through the Conservation Innovation Grants (CIG) program, NRCS is supporting local organizations in their efforts to pilot credit trading projects to achieve locally important objectives. For example, in FY 2011, The Freshwater Trust in Oregon was awarded a CIG to demonstrate environmental market tools to benefit rural communities and farmers. The example starts with a temperature total maximum daily load (TMDL) in rural Oregon. The CIG project partners were able to finalize a first of its kind water quality trading program for a small utility that will help the utility meet the TMDL requirements and bring $10 million in new conservation funding to establish and improve riparian areas on working agricultural lands in the next 10 years. These conservation efforts cost significantly less than gray infrastructure and generate multiple environmental benefits such as improving habitat for birds and other species, reducing carbon in the atmosphere, stabilizing banks to control sediment and reducing runoff from agriculture and roads. Long-term, water quality trading programs could steer millions of dollars in compliance investment to producers, making conservation a more profitable component of productive farms, forests and ranches.

NRCS continues to explore new opportunities to accelerate conservation adoption. The experience with focused initiatives has yielded demonstrated benefits for producers, natural resources, and the public.

Certainty offers another promising addition to the conservation toolbox. As the name implies, this approach provides certainty that the good conservation efforts of farmers and ranchers will be recognized, and that policy actions won't affect their operations so long as they continue their conservation actions. Certainty can take many different forms; from the "safe harbor" approach that has long been used for the protection of threatened and endangered species to newer models seeking to address water quality objectives. Our experience with this new approach touches on both.

The Greater Sage Grouse Initiative focused in 11 western states, has been in place for nearly 2 years. Through that effort, USDA worked with the Fish and Wildlife Service to establish a certainty process to protect this iconic western bird, a candidate species for listing under the Endangered Species Act, while also preserving the ranching heritage that underpins the economy and the social fabric of the region. In FY2010 and 2011, over 400 producers enrolled 1.7 million acres of land in conservation efforts to improve and protect habitat that is essential to the grouse and essential to the viability of ranching. The combination of conservation easements that protect large and intact working ranches and conservation measures that improve habitat are expected to yield population increases over time. For example, grazing systems implemented on 1.3 million acres is increasing hiding cover for nesting birds and is expected to increase greater sage-grouse populations by 8 to 10 percent. Participating farmers and ranchers are provided certainty that they can continue to conduct these conservation practices, such as prescribed grazing, even if the bird is eventually listed under the Endangered Species Act (ESA); and the proactive efforts of farmers and ranchers are critical in precluding the need to list.

This approach is now being duplicated in five States where NRCS and its conservation partners are helping farmers and ranchers enhance, restore and protect habitat for the Lesser Prairie Chicken. This grassland-nesting upland bird is found in mixed grass, sand-sage and shinnery oak prairies of western Kansas, southeast Colorado, northwest Oklahoma, the Texas panhandle, and eastern New Mexico. Once widely distributed, the Lesser Prairie Chicken has experienced a 92 percent reduction in population since European settlement. As with the Greater Sage Grouse, many of the conservation practices that promote healthy grazing lands are also productive for this reclusive bird as well as other wildlife.

The certainty approach applies to more than habitat and wildlife. With our partners, USDA has been exploring opportunities to apply the concept successfully to improving water quality. In January 2012, USDA signed a Memorandum of Understanding (MOU) with the U.S. Environmental Protection Agency and the State of Minnesota to support the State's development of a new program designed to increase the voluntary adoption of conservation practices that protect local rivers, streams and other waters. Through this partnership, producers who undertake a substantial level of conservation activities to reduce nutrient run-off and erosion will receive assurance from the State that their farms will meet Minnesota's water quality standards and goals during the life of the agreement. Establishment of this program will protect water resources by providing assurances and incentives to participating farmers that their good deeds – their strong commitment to conservation – will be recognized. Farmers will know the rules of the game while the state, EPA and the public will know that this program will lead to cleaner water. There is much yet to be defined as Minnesota goes forward in developing its Minnesota Agricultural

Water Quality Certification Program (AWQCP), but the MOU signing formalizes the state-federal partnership and confirms a joint commitment to developing and implementing the program.

There is every reason to be confident that the Minnesota effort will be a success. The Michigan Agricultural Environmental Assurance Program (MAEAP), in place since 1999 has a proven track record in accelerating conservation adoption and delivering results. MAEAP was developed by a coalition of farmers, commodity groups, state and federal agencies, and conservation and environmental groups to help protect and enhance the quality of natural resources. It is a partnership effort unified for the protection of natural resources and advancement of positive community and neighbor relations. With confidentiality guaranteed by law, MAEAP provides a structure under which Michigan farmers can be assured they are effectively following all current Right to Farm Generally Accepted Agricultural and Management Practices (GAAMPs) and are working to comply with state and federal environmental laws specific to each system of the program.

Likewise, the Louisiana Master Farmer Program helps agricultural producers voluntarily address the environmental concerns related to production agriculture, as well as enhance their production and resource management skills that will be critical for the continued viability of Louisiana agriculture.

Over the past several years, USDA has been discussing a framework for certainty with Chesapeake Bay states that could serve as a tool for engaging producers in conservation

activities while providing some certainty to producers who have concerns about how they might be affected by the TMDL. And there are other models as well. In 2011, the State of Virginia took legislative action to provide certainty to agricultural landowners or operators who implement a resource management plan that they are in full compliance with State nutrient and sediment water quality requirements.

Like any other conservation tool, certainty is not a panacea but expands the options for achieving our shared objectives for sustaining agriculture and the natural resources upon which we all depend. NRCS is committed to a continued effort to explore and innovate to provide conservation solutions that make economic and environmental sense for farmers, ranchers, and other private land owners and managers – to do our part in supporting an American agriculture built to last.

CONCLUSION

We have extraordinary challenges ahead – creating new opportunities for economic growth in rural America, transforming our energy supply, safeguarding the health of the environment, and providing a safe and sustainable food supply. The Farm Bill programs designed by Congress will have an important role to play in our Nation's success with each of these challenges.

Our farmers and ranchers know better than anyone the value of clean water, clear air and healthy soil for agricultural production. They know that land stewardship secures the future, and they have made incredible strides to protect the land they rely on. Through programs such as the Environmental Quality Incentives Program and the Conservation Stewardship Program, NRCS

builds partnerships with farmers, ranchers, and forestland owners to make their operations more sustainable. These conservation efforts improve soil fertility and reduce soil erosion, improve fertilizer use and water use efficiency, reduce energy use, and enhance overall productivity.

The Nation's investments in private lands conservation are good for farmers, ranchers, and forestland owners—reduced input costs directly help the bottom line, while improved soil and water quality help maintain and enhance long-term productivity while minimizing regulatory pressures. These same investments in conservation work for all Americans, by contributing to healthy landscapes, healthy communities, and to the food security of our nation and the world.

The 2012 Farm Bill can improve upon this solid foundation by continuing the commitment to a strong conservation title that:

1) Streamlines conservation programs so that they make the most sense for participants and are more straightforward for those that deliver them;

2) Increases flexibility so that programs can be used most effectively to address the most pressing conservation needs of agriculture; and

3) Emphasizes projects that address regional priorities and leverage resources so that the public conservation investment goes further.

Thank you for the opportunity to be here today to discuss opportunities to strengthen conservation programs. I am happy to answer any questions from the Committee members.