

United States Department of Agriculture



Natural Resources Conservation Service  
P.O. Box 2890  
Washington, D.C. 20013

APR 27 2006

Dear [REDACTED]

Thank you for your recent communication regarding the Natural Resources Conservation Service (NRCS) technical assistance funding allocations for fiscal year (FY) 2006 and previous years. In your message, you asked about comparative funding levels, specifically for FY 2005 and FY 2006, with a focus on reduced dollar amounts available for distribution to the States.

The numbers you provided do not match our records. Our records indicate that the final level of FY 2005 technical assistance (TA) funding not allocated to States was \$251,461,531 and the initial level of FY 2006 TA funding not allocated to States is \$245,863,066. This totals a difference of less than \$6 million between the two amounts, showing that TA funds intended for program delivery have not been moved to another area of the Agency.

The current numbers available are a comparison between the final FY 2005 allocation and initial FY 2006 allocation. Therefore, we cannot provide a direct analysis, as there is still FY 2006 funding to be distributed. Allocation of technical assistance dollars is unfortunately not a direct function of the overall funding provided through congressional appropriations action. Instead, the process involves several complex factors, including the assessment of congressional directives and administrative charges on programs, which are not at the discretion of NRCS. These factors have negative ramifications on the overall Agency budget and for individual States

For example, in FY 2006, the level of Congressional Earmarks increased \$10.6 million over the FY 2005 level. This accounts for nearly 17 percent of the overall program account in the Conservation Technical Assistance program. This upward trend presents significant challenges in the allocation of TA funding resources and to assure that States receive a level commensurate with the resource-based allocation formulas.

The Natural Resources Conservation Service provides leadership in a partnership effort to help people conserve, maintain, and improve our natural resources and environment.

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Another factor that has a direct implication regarding the amount of funding available for distribution to States is the assessment of "above State charges." In effect, these charges are taxes that are assessed within the Executive Branch on NRCS programs, and are a cost of common products and services furnished to our Agency by the Department of Agriculture (USDA). To be more specific, the Greenbook charges, which include items such as departmental services with working capital and departmental initiatives, totaled \$33,594,660 in FY 2005. By comparison, the FY 2006 level for Greenbook is \$39,564,293. This increase in the funding level has direct ramifications on the amount of funds available for distribution to the States. In FY 2005, the Information Technology Services (ITS) became a separate entity and NRCS was one of the USDA agencies mandated to contribute to the operations account for our information technology support within USDA. In FY 2005, the funding level for ITS was \$26,154,230. For FY 2006, NRCS is expected to contribute \$32,600,626 for this purpose. The net effect is that NRCS had \$12,416,029 less to distribute to the States, based upon our contributions for Working Capital, Greenbook, and ITS charges.

On top of those cuts in overall program funding availability in FY 2006, the Defense Appropriations/Emergency Supplemental (H.Rpt. 109-359) resulted in two additional rescissions and offsets to pay for the cost of the supplemental. First, \$10 million in carryover funding was rescinded from the Conservation Operations account. Secondly, the conference agreement included a government-wide 1 percent across-the-board cut to discretionary budget resources; this resulted in a net decrease of \$10,047,130, for a total of \$20,047,130.

In total, NRCS has \$43,034,522 less to distribute to the States in FY 2006. This is an overall 3 percent decrease in TA funding available for State distribution.

The decrease in Environmental Quality Incentives Program TA allocation to Oklahoma in FY 2006 can be attributed to additional TA provided in FY 2005 for database migration from the Farm Service Agency and the difference in the methodology of calculating the base TA amounts between the 2 years.

The FY 2006 allocation is an initial one, and there are still opportunities for this amount to increase. For example, the Conservation Reserve Program (CRP) TA has been provided to States in the initial allocation. This year, NRCS receives quarterly apportionments for CRP reimbursement, and additional allocations will be provided as additional funding becomes available. Conservation Security Program (CSP) TA funds will be provided to States this week.

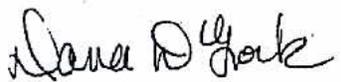
Finally, there will be additional opportunities to compete for a portfolio of competitive grant programs including the Grazing Lands Conservation Initiative - Invasive Species and the Rapid Watershed Assessment.

  
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Numerous variables have impacted the budget in the past 2 years; however, our Agency is committed to ensuring that available resources are provided to the field, in order to carry out conservation programs and services. We have taken administrative costs very seriously, and have taken steps to reduce overall TA costs and improve program streamlining. We want to ensure a merit-based distribution of funds and support of priority conservation work across the Nation.

If we can be of further assistance, please do not hesitate to contact us.

Sincerely,

  
BRUCE I. KNIGHT   
Chief