

## 2014 JFAC PRESENTATION

### **SLIDE 1: OUR LEGACY: CELEBRATING 75 YEARS OF CONSERVATION THE IDAHO**

#### **WAY**

Good morning Mr. Chair, Madam Co-Chair, and JFAC Members. I'm Teri Murrison, administrator of the Idaho Soil and Water Conservation Commission.

I'm joined today by several Commissioners, staff, conservation partners, and many more listening online. With me are Jan Webster on PowerPoint, and Keith Reynolds from the Department of Administration. Thank you for allowing me to present the Governor's 2014 Budget Recommendation.

### **SLIDE 2: STARTED IN THE DUST BOWL**

Before and during the Great Depression, we had dust and erosion issues due to what were at the time common land management practices. In 1934, Idaho had:

- Over 27 million acres affected by sheet erosion – 51% of the state;
- More than 27 million acres had lost ¼-3/4" of top soil;
- Severe gullyng affected almost 13 million acres; and
- Wind erosion affected nearly 8 million acres.

### **SLIDE 3: CONSERVATION, THE IDAHO WAY**

In 1935, the Soil Erosion Service (now the Natural Resource Conservation Service (NRCS)) began working with farmers, states, and local groups to address the problem. Idaho joined in early on – establishing the Commission in March of 1939, and a few years later, soil conservation districts. This was the beginning of an important conservation partnership that persists to this day. The Commission and NRCS supply technical expertise, funding, and other resources to empower conservation districts to be the “boots on the ground” of voluntary conservation, undertaking locally led projects with private landowners.

A key point about “Conservation Idaho style”. When we say conservation, we mean using the natural resources of the state to benefit our people, but at the same time maintaining those resources in the same condition or better. We maximize the benefit of our natural resources to our state and our people – at the same time taking care of and improving resources for future generations.

“Voluntary and non-regulatory” means our focus is on cooperative efforts with local people –ranchers and farmers. That’s the Idaho way, not a heavy-handed regulatory approach.

### **SLIDE 4: STATUTORY AUTHORITY**

This year, we kick off our 75<sup>th</sup> year of voluntary conservation in Idaho. Our responsibilities now extend beyond soil and water. We facilitate non-regulatory, voluntary, and locally-led conservation that conserves, sustains, improves, and enhances soil, water, air, plant, and animal resources. Statutory authority is contained in Idaho Code, Title 22, Chapter 27.

We serve all Idahoans. We enhance natural resources and achieve balance between agricultural and environmental interests. We serve the Governor, conservation districts and other partners, sister state agencies, and help NRCS achieve its conservation goals. We're dedicated to landowner confidentiality, private property rights, and are good stewards.

#### **SLIDE 5: MAJOR TRENDS DRIVING CONSERVATION TODAY**

Conservation today is more complicated than it was during the Dust Bowl. Increased population levels made urban growth and land use issues major drivers of what we do. The conservation partnership experiences trends of reduced funding, water quality and quantity challenges, lack of resources for non-water quality related funding, and Endangered Species Act issues, all of which shape the voluntary conservation to-do list in Idaho.

#### **SLIDE 6: GOVERNOR'S RECOMMENDED FY 2014 BUDGET (LBB 5-13)**

The Governor's FY 2014 recommended budget allows us to continue accomplishing important pieces of conservation the Idaho way. The recommendation totals \$2,653,700.

- That's \$ 2,311,700 in General Funds; and
- \$ 342,000 in dedicated funds.

The Governor recommends an essentially flat budget.

**SLIDE 7: RECOMMENDED FY 2014 BUDGET (LBB 5-13) CONT.**

It includes

- personnel costs of \$1,151,400;
- operating expenditures of \$399,100;
- \$1,103,200 in Trustee & Benefit funds to conservation districts. Of this, \$1,053,200 is allocated under base funding and local match formulas. We distribute to districts an additional \$50,000 in capacity building grants used for things like education, outreach, and training.

The recommended budget includes a line item for \$20,000 spending authority for engineering and water quality field-based technical assistance provided to state agencies on an as needed basis. Our total FTPs for FY 2014 are 16.

The recommendation also includes supplemental spending authority of \$20,000 in an NRCS Cooperative Conservation Partnership Initiative indirect cost reimbursement grant which concluded Dec. 31<sup>st</sup>. Spending authority was authorized for this in FY 2012, but it was inadvertently unbilled. If spending authority is not granted, the funds will be retained by the federal government.

### **SLIDE 8: CORE FUNCTIONS: TECHNICAL SUPPORT**

The Commission focuses on three core functions in our Strategic Plan: Technical and other Support Services, conservation programs, and administration.

Administration is largely self-explanatory. Let me briefly tell you about the other two:

Technical and other support services describes the assistance we provide to Idaho's 50 conservation districts. It includes specialized technical assistance like conservation planning, engineering services, and watershed assessments. It also includes services which strengthen districts and build their capacity. We distribute trustee and benefit funds as dictated by statute and rule. These funds permit districts to take on administrative and project responsibilities.

Last year we assisted with district 5-year antidegradation plan updates, helped 35 districts with projects, initiated 47 new projects, worked on 45 ongoing projects,

and with our partners, served 271 landowners. We also conducted significant outreach to districts, convened multiple work groups to increase their participation in our planning processes like the strategic plan, we worked with them to design a new district technical assistance allocation process, held listening sessions, provided training, and more.

### **SLIDE 9: CONSERVATION PROGRAMS**

Our second core function is providing both incentive and general conservation programs. Our flagship incentive program, the Resource Conservation and Rangeland Development Program, or RCRDP loan program, provides low interest loans to purchase equipment and install projects that provide conservation benefits. Loan rates range from 2 ½ to 3 ½ %. The maximum loan limit is \$200,000 per loan, or \$300,000 per borrower.

In exchange for low interest loans, landowners operate under a conservation plan and improve practices or replace equipment – like converting existing irrigation systems to pivots, for example – to produce a conservation benefit resulting in water savings, erosion reduction, etc. We have 131 active loans totaling \$4,973,456. These loans made conservation measures possible on 40,574 acres of land in Idaho last year.

Likely due to recent years' robust agricultural economy and borrower uncertainty, as you heard this year from the Banking industry, our loan volume is down too despite significant efforts to promote the program. While we wait for conditions to change, we aggressively market the program and have improved processing time, developed new marketing materials, and have streamlined our policies.

Under general conservation programs, we manage the Conservation Reserve Enhancement Program (CREP) by leading state efforts to conserve water usage on marginal farm ground in the Eastern Snake River Plain Aquifer. Participating landowners receive modest federal payments from the Farm Service Agency in exchange for not farming these lands. We convene annual and technical CREP coordination meetings, and initiate and monitor landowner contracts. Last year 158 CREP contracts were signed in the region, enrolling 17,237 acres in the program.

Through the now-completed Cooperative Conservation Partnership Initiative grant from NRCS, our work to address pollutants in Nitrate Priority Areas resulted in 40,606 acres treated with best management practices. That generated reductions of 151,000#s of nitrates, close to 29,000#s of phosphorus, and roughly 144,000#s of sediment.

## **SLIDE 10: TOTAL MAXIMUM DAILY LOAD PROGRAM (TMDL)**

Under a cooperative agreement, we assist the Department of Environmental Quality (DEQ) by preparing TMDL implementation plans to reduce agriculturally-generated pollutant loads in Idaho's EPA-listed impaired surface waters. Since TMDL efforts began, we've completed 85 implementation plans, but our pace has slowed significantly in recent years. In 2007 we dedicated 60 person months to this effort – the equivalent of 5 FTPs. Last year, we dedicated 27 person months – the equivalent of 2 ¼ FTPs.

## **SLIDE 11: TMDL WORKLOAD**

In a typical year, DEQ releases for our planning purposes, an average of 7 new TMDLs. In FY 2012, we completed 3 plans. In 2009, we completed 11. We review completed, existing plans every 5 years – and have 7 in progress now. On average, DEQ generates 5 reviews a year. We've been advised that DEQ may not release any new TMDLs this year; however they do plan to consider addendums to existing plans, which could add up to 7 plans to our workload. It takes 2 weeks to complete an addendum. There may be 15 more in FY 2014. We're working on 10 backlogged plans now, 8 of which are considerably overdue.

We've reviewed our plan backlog and developed a strategy to retire the plan backlog with our current resources, but it will take several years. We've done significant streamlining to allow us to shorten the process to 9 person months or ¾ year per plan.

### **SLIDE 12: SERVICES & PROGRAMS**

As you can see, we have a number of services and programs designed to further conservation Idaho's way. We've categorized them from "priority" – must be accomplished in balance with other responsibilities – to "minimum maintenance of effort", or "inactive" – where programs will only be provided when new funding is secured. We remain committed to making needed adjustments to the processes we follow and to our core functions as necessary, going forward. We are determined to wring every last drop of conservation out of every dollar we're appropriated. We live within our means and budgets by prioritizing and balancing our workload, and not overburdening our already-taxed field staff.

### **SLIDE 13: JFAC INFORMATION REQUESTS**

To briefly address the information specifically requested in JFAC's budgetary instructions:

1. With the exception of hiring a full time loan officer, there were no major changes to our workforce. We reclassified a position from a Policy and Operations Specialist to a Technical Records Specialist. We have no vacant authorized FTPs.
2. We've requested no alternative funding sources.
3. We haven't initiated any major program structure changes. We've prioritized programs and services, resulting in capacity assessments and revised workload assignments.
4. We've proposed no legislation this year.
5. We've not requested or received appropriation flexibility.
6. There have been no performance evaluations of the Commission to date.

And,

7. We've been working with the LSO audit office to determine the existence of a previous audit. Last year the manager of the unit advised that we were not subject to annual audit provisions, however recent research by that office revealed that we are in fact required to have annual audits. We'll initiate the FY 2012 audit this spring.

**SLIDE 14: THANK YOU**

On behalf of the Commission and our conservation partners, thank you for your consideration of the Governor's recommended budget and thank you for allowing us to do what we love. We're passionate about the land, natural resources, agriculture, and keeping Idaho at the forefront of conservation the Idaho way: through voluntary, locally led non-regulatory conservation.

Mr. Chair, I'm happy to stand for questions now.