

STATEMENT OF
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CONCERNING

Challenges and Opportunities for Improving Forest Management on Federal Lands

Mr. Chairman and Members of the Subcommittee, thank you for the opportunity to present the views of the U.S. Department of Agriculture (USDA) regarding national forest management.

The national forests and grasslands were established to protect the land, secure favorable conditions of water flows, and provide a sustainable supply of goods and services. National Forest System (NFS) lands are managed using a multiple-use approach with the goal of sustaining healthy terrestrial and aquatic ecosystems while addressing the need for resources, commodities, and services for the American people. Rural and urban communities depend on the forests for a variety of resources, commodities, and services. For rural communities in particular, national forest management can impact local economic and social conditions. With our many partners, the USDA Forest Service (FS) is working to maintain the functions and processes characteristic of healthy, resilient forests and watersheds. Through delivery of our programs, we continue to maintain and enrich the social and economic environment of our local communities.

Secretary Vilsack and the US Forest Service recognize the importance of increasing the pace and scale of forest restoration in our National Forests. We must manage and restore more acres to reduce the threat of catastrophic wildfire, to address insects and disease and to restore the ecological health of forests for the benefit of all Americans. Today, I will talk about a number of the approaches we are taking to restore and maintain the health of our National Forests.

Vegetation Management

Our forests are important to all of us, and people understand that forests provide a broad range of values and benefits, including biodiversity, recreation, clean air and water, forest products, erosion control, soil renewal and more. Forests, which cover a third of the country's landmass, store and filter more than half of the nation's water supply and absorb 20 percent of the country's carbon emissions. Our mission of sustaining the health, resilience and productivity of our

Nation's forests is critically important to maintaining these values and benefits. Restoring the health and resilience of our forests generates important amenity values. A study by Cassandra Mosely and Max Nielson Pincus, University of Oregon, has shown that every million dollars spent on activities like stream restoration, hazardous fuels reduction, forestry or road decommissioning generates from 12 to 28 jobs. Through implementation of the Collaborative Forest Landscape Restoration Program – which relies heavily on stewardship contracting – the proponents of projects on NFS lands maintained 4,174 jobs and generated \$147,485,912 in labor income in FY2012.

I've stated in prior hearings the need for increasing the scope and scale of our restoration efforts in the face of the threats we're facing today from wildfire, insects, disease and invasive species and the compounding implications of a changing climate. More than 40 percent of the contiguous United States is in a moderate or more severe stage of drought – with over 4 percent of those areas experiencing exceptional drought conditions. In addition, insects and disease have weakened the resilience of America's forests. Nationally, approximately 80 million acres of trees are projected to be at risk of severe mortality due to insect and disease. Over the past 10 years in the west, approximately 45 million acres across all land ownerships have been affected by 20 different species of bark beetles.

Facing these threats, we've recognized for some time the importance of increasing our restoration efforts. We continue to explore new and existing tools to become more efficient. In February 2012 the FS outlined a strategy for increasing restoration activities across large landscapes through more efficient implementation of existing programs and policies, as well as pursuing new initiatives. This increase will allow the FS to increase the number of acres and watersheds restored across the system, while supporting existing infrastructure and jobs. Through these efforts, in FY 2012, the FS attained 2.6 billion board feet (BBF) volume sold and exceeded a number of restoration targets such as moving nine watersheds to an improved condition class (the target was five watersheds); decommissioning 2,103 miles of road (the target was 2,028 miles); and restoring/enhancing 3,704 miles of stream habitat (the target was 2,670 miles).

1. National Environmental Policy Act (NEPA) and Landscape Scale Projects

The FS recognizes the need for science-based accelerated restoration and has made significant recent improvements in the pace and scale of its projects on NFS lands. The FS plans to highlight some projects that demonstrate accomplishment of high priority restoration work across a broad scale and/or reflect innovative approaches and efficiencies in collaboration, project planning, data collection, and NEPA analysis. These projects will serve as demonstration areas and learning centers as individual units develop approaches to accelerate the pace and scale of restoration.

The agency is also saving costs by gaining efficiencies in our environmental review process under NEPA. We are identifying NEPA efficiencies by focusing on improving agency policy, learning, and technology. These NEPA process improvements will increase decision-making efficiencies, resulting in on-the-ground restoration work getting done more quickly and across a larger landscape. The agency has initiated a NEPA learning networks project to learn from and share the lessons of successful implementation of efficient NEPA analyses. The goal of this effort is to ensure that the agency's NEPA compliance is as efficient, cost-effective, and up-to-date as possible. Specifically we are looking at expanding the use of focused Environmental Assessments (EAs), expanding categories of actions that may be excluded from documentation in an EA or an EIS, and applying an adaptive management framework to NEPA.

Our landscape-scale NEPA projects will also increase efficiencies. For example, our Mountain Pine Beetle Response Project on the Black Hills National Forest is implementing a landscape-scale adaptive approach for treating current and future pine beetle outbreaks within a 200,000 acre area. Since signing the decision last December, the forest has sold one timber sale and has two others planned for this fiscal year. Sales for next fiscal year are identified, along with plans to treat existing and newly infested areas in subsequent years. This decision has given the forest greater flexibility in treating existing and new infestations in a timely and strategic manner. All of these efforts are aimed at becoming more proactive and efficient in protecting the Nation's natural resources, while providing jobs to the American people.

On the Tongass, in Fiscal Years 2009 and 2010, the forest received an allocation of funds to be used to plan larger scale projects designed to provide an even flow of timber volume over a 10-year period in order to provide a stable supply. This is part of our effort to successfully transition the Tongass timber sale program from one based on old growth to young growth. The first project in the planning phase is the Big Thorne 10-Year Contract; the NEPA contract was awarded in FY 2011. This project will be offered under the stewardship contracting authority, and is expected to be 100 million board feet (MMBF). The project is expected to combine timber harvest and other restoration and service treatments and the NEPA decision is expected in late 2013.

2. Collaborative Forest Landscape Restoration (CFLR)

The 23 CFLR projects emphasize restoration across large scale landscapes. In addition to finding efficiencies in planning and treating larger landscapes, CFLR emphasizes collaboration. Collaboration with our partners and stakeholders from all interest areas is one of the tools to becoming more efficient through shared development and understanding of the desired condition, objectives, and issues at the outset of projects. In 2012, these projects exceeded the targets for the majority of performance measures.

In Arizona, the Four Forest Restoration Initiative project is contributing to healthier ecosystems, safer communities and supporting rural communities. In addition to a range of other restoration

activities, this project has treated hazardous fuels on more than 171,900 acres, produced more than 168 MMBF of timber and more than 878,817 green tons of bioenergy since 2010.

Colorado has two CFLR projects which are having a measurable impact on rural economies. The Uncompahgre Plateau as well as the rest of the lands administered by the Grand Mesa, Uncompahgre and Gunnison National Forests will play a key role in support of the newly opened lumber mill in Montrose. To date, the Uncompahgre project has generated 12 MMBF of timber, and reduced hazardous fuels on more than 11,500 acres. As part of the Colorado Front Range project, Denver Water contributed more than \$1,000,000 in 2012 for restoration efforts. Since FY2010, the Front Range project has reduced hazardous fuels on more than 17,000 acres, and generated more than 17 MMBF of timber.

The two CLFR projects in New Mexico – the Southwest Jemez, initiated in 2010, and the Zuni Mountain, initiated in 2012 - together have treated fuels on more than 9,900 acres, and generated more than 5 MMBF of timber and more than 3,000 green tons of bioenergy.

The three CFLR projects active in Oregon are building strong relationships between the U.S. Forest Service and forest stakeholders, supporting local industry, and protecting communities from the risks of uncharacteristic wildland fires. The Deschutes project has generated more than 19 MMBF of timber and 56,700 green tons of bioenergy as products of restoration activities that include more than 31,900 acres of fuels reduction in the wildland-urban interface. The Lakeview Stewardship Project and the Southern Blues Restoration Project, in one year of implementation, produced a combined total of more than 24 MMBF of timber, generated more than 13,000 green tons of biomass, and treated more than 31,000 acres of hazardous fuels.

Three CFLR projects are underway in Idaho, creating measurable shifts in ecosystem resilience and supporting local economies. The Selway-Middle Fork project has sold more than 13 MMBF of timber and harvested more than 2,000 green tons of biomass. The Weiser-Little Salmon Headwaters project, selected for funding in FY2012, has already maintained or generated 136 direct full or part-time jobs. The project plans to generate 50,000 green tons of biomass annually and approximately 25 MMBF of saw timber annually. In FY2012 the Forest completed a major NEPA analysis that approved vegetative treatments on more than 25,000 acres. The Kootenai Valley Resource Initiative, also selected for funding in FY2012, will treat 39,430 acres mechanically over 10 years. The project generated more than 10 MMBF of timber and produced more than 2,700 green tons of bioenergy.

In Washington, the Tapash CFLR has generated more than 23 MMBF of timber and treated hazardous fuels on more than 10,000 acres, and the Northeast Washington Forest Vision 2020 project, selected in 2012, treated 8,012 acres of hazardous fuels.

3. Improved Business Practices

We are reviewing our business practices around timber sale preparation, specifically regarding designation of timber for harvest and accounting for merchantable volume, to determine how to reduce the cost to the government for selling timber.

4. Stewardship Contracting

Although timber sales remain the mainstay of our restoration efforts, stewardship contracting is another critical tool that allows the Forest Service to more efficiently complete restoration activities. Permanently reauthorizing stewardship contracting and expanding the use of this tool is crucial to our ability to collaboratively restore landscapes at a reduced cost to the government by offsetting the value of the services received with the value of forest products removed. In FY 2012, 25 percent of all timber volume sold was under a stewardship contract. Stewardship contracting authorities allow the Agency to fund watershed and wildlife habitat improvement projects, invasive species removal, road decommissioning, and hazardous fuels reduction activities.

All of these efforts help us be more proactive and efficient in protecting the nation's natural resources, while providing jobs to the American people.

Support of Industry

We know we cannot achieve all of this without a strong integrated forest products industry that can use all parts and sizes of trees to help us accomplish our restoration work. Our best opportunity for reducing the cost of these restoration treatments is through timber harvest and stewardship contracting. The benefits of maintaining a robust forest industry flow not only to local communities but also to the Forest Service itself. We rely on local forest contractors and mills to provide the workforce to undertake a variety of restoration activities.

Wood energy projects make forest harvests more economically viable by providing a productive use for woody biomass which previously was a cost to remove. The USDA Wood to Energy Initiative combines programs from the Forest Service and USDA Rural Development to expand renewable wood energy use, from rural community schools, hospitals and National Guard facilities across the country. Wood to Energy projects are underway in Alaska, Oregon, Montana, Minnesota to Maine as well as industrial applications such as the 11.5 megawatt power plant under construction in Gypsum, Colorado. This plant will receive a substantial portion of its wood from a 10-year stewardship contract with the Stoltze Land and Lumber sawmill in Columbia Falls, Montana. This project will replace 100 year old boilers for their wood driers and sell 2.5 megawatts of electricity to the local electrical cooperative.

The FS continues to be a leading agency in the federal government to preferentially select domestically harvested wood products in building construction projects while increasing its commitment to green building standards. All FS building projects incorporate green building principles such as energy efficiency, locally produced wood products, and recycling and reuse of

building materials. New building construction and major renovation projects for administration facilities or research laboratories over 10,000 square feet must be registered and certified using an accredited third-party certification systems.

The FS and USDA, as well as the forest products industry and resource management organizations, support a science-based approach to evaluate the benefits of using wood and wood-based products in green building in the U.S. The inherent benefits of using wood go beyond economic gains. Conservation components such as increased forest productivity, cleaner air and water, and enhanced wildlife habitat will be realized as we actively manage our nation's forests. The process of harvest, transport, manufacturing and use of wood in structures creates less greenhouse gas emissions than other building products such as concrete or steel. ("Life-cycle inventory and assessment research at the Forest Products Laboratory: Wood products used in building construction, U.S.D.A. Forest Service").

The forest products industry workforce is larger than either the automotive or chemical industries, currently employing nearly 900,000 workers. Encouragingly, there have been recent upturns in the housing market and lumber prices, resulting in higher demand and prices for sawtimber. The capacity exists within the current industry infrastructure to meet this increased demand for lumber through adding extra shifts, reopening mills, and efficiency gains. The higher demand and prices for timber will enable the FS to complete more restoration treatments. In spite of flat budgets in the past few years the FS increased the volume sold, from 2.38 billion board feet (BBF) in 2008 to 2.64 BBF in 2012. However, even though we will continue to search for efficiencies, due to increased budget cuts in 2013 and projected cuts in 2014, we project a slight decline in restoration treatments in both years.

Through the recession and downturn in the housing market, the FS has continued to find ways to support local infrastructure. We have increased our funding of the timber sale program over the last 17 years from a low of \$180 million in 1995 to \$335 million in 2012. The Agency provided timber sale contract relief through price adjustments and contract extensions. We also provided Substantial Overriding Public Interest (SOPI) to grant additional relief for certain qualifying high priced, older contracts; and through SOPIs, we mutually agreed to cancel some contracts. We continued to sell timber at a lower price reflecting market values. Purchasers continued to purchase FS timber at these lower prices, providing more flexibility through combining these lower priced sales with earlier, higher priced sales.

Challenges

At the completion of fiscal year 2012, we were on a trajectory to increase treatment acres, along with timber harvest. In 2013, at a time when lumber prices are increasing and the additional value can help pay for other restoration work, we received a reduced budget with the same reduction projected for 2014. We have had to decrease the amount of acres we could treat, along with timber volume to reflect these budget reductions. This leads me to my final topic, the

challenges impacting our Restoration Strategy. In addition to declining budgets, we are facing another active fire year. Costs of fire suppression have increased to consume nearly half of the entire FS budget. In FY 1991, fire activities accounted for about 13 percent of the total agency budget; in FY 2012, it was over 40 percent. In the 1980s and 1990s the 10-year average of suppression costs remained relatively stable, as did the number of acres burned nationwide. This was a wetter period in the United States and fire activity was relatively low. However, beginning in the extreme fire season of 2000, which cost \$1 billion, this trend started to change. The cost of the FY 2000 fires alone caused the 10-year average to rise by over \$80 million – a 16 percent increase. Since FY 2000, the 10-year average has risen almost every year – from a little over \$540 million to over \$900 million in 2012.

Post-wildfire rehabilitation costs *exceed* the costs of suppression by 2 to 30 times as shown in the “The True Cost of Wildfire in the Western U.S. (Western Forestry Leadership Coalition 2010). Over the last two fiscal years the FS Burned Area Emergency Response (BAER) program spent almost \$94 million in emergency stabilization efforts on NFS lands immediately after fires to help with erosion, flooding, and other threats to human health and safety, and threats to resources. Treatments were as diverse as hillside stabilization, road protection, hazardous material stabilization, and hazard tree removal, as well as myriad other treatments. And this does not include the long-term costs of reforestation and monitoring.

Staffing within the Agency has also shifted to reflect an increased focus on fire. Since 1998 fire staffing within the FS has increased 110 percent from over 5,700 in 1998 to over 12,000 in 2012. Over the same time period, staffing levels for those dedicated to managing NFS lands have decreased by 35 percent from over 17,000 in 1998 to over 11,000 in 2012. In particular, Forest Management staffing has decreased by 49 percent from over 6,000 in 1998 to just over 3,200 in 2012.

Litigation is another challenge we face in striving to increase our restoration efforts. The Agency fully supports collaboration with our partners and stakeholders from all interest areas as one way to be more efficient, through a shared understanding of the desired condition, across the landscape. The threat of litigation, however, slows down the collaborative process, discourages some parties from participating, and adds to the Agency’s overall costs, as our teams try to improve our environmental documentation and decision making to reduce the risk of litigation.

Despite these challenges, we remain optimistic that through collaboration with our many interest groups and officials the FS can improve accomplishment of our restoration objectives. I want to thank the committee for its interest, leadership, and commitment to our national forests and their surrounding communities. I would be pleased to answer any questions you may have.

